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Standing Committee on Procedural Affairs

Report on Agencies, Boards and Commissions (No.9)



4th Session 32nd Parliament
33 Elizabeth II



LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

The Honourable John M. Turner, M.P.P.
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Procedural Affairs has the honour to present its
Report and commends it to the House.

A handwritten signature in dark ink, appearing to read "R. Treleaven".

Richard L. Treleaven, Q.C., M.P.P.
Chairman

Queen's Park
19 November 1984

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I. INTRODUCTION

The Legislative Assembly of Ontario has assigned to the Standing Committee on Procedural Affairs the task of reviewing the operations of the agencies, boards and commissions of the Government of Ontario.¹ In fulfilling its mandate, the Committee held public hearings during September, 1984, and heard testimony from representatives of the following agencies:

Animal Care Review Board
 Children's Services Review Board
 Niagara Parks Commission
 Niagara Falls Bridge Commission
 Ontario International Corporation
 Ontario Junior Farmer Establishment Loan Corporation.

This report contains your Committee's observations and recommendations based on its review of these agencies, boards and commissions. In February, 1985, the Committee plans to review the operation of the following agencies, boards and commissions:

Assessment Review Board
 Fire Code Commission
 Geoscience Research Review Committee
 Health Disciplines Board
 Languages of Instruction Commission of Ontario
 Licence Suspension Review Board
 Liquor Licence Board of Ontario
 Ontario Drainage Tribunal
 Selection Panel (Ontario Graduate Scholarships)
 Travel Industry Compensation Fund Board of Trustees.

Members of the Committee wish to express their appreciation to all of the witnesses who appeared to present their views.² The Committee wishes to acknowledge the cooperation of the officials of the various ministries of the Government of Ontario and the agencies themselves. In addition, the Committee urges Ministers under whom these agencies fall to give serious and thoughtful consideration to the Committee's recommendations.

¹See Appendix A for the Committee's terms of reference.

²See Appendix B for a list of witnesses who appeared before the Committee.

The Committee wishes to express its appreciation to the Clerk of the Committee, the Assistant Clerk of the Committee and the Research Officer for their assistance and dedication to the work of the Committee.

The recommendations contained in this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every recommendation, your Committee is pleased to present a report that each member can support.

II. AGENCY REVIEW

ANIMAL CARE REVIEW BOARD

The Ontario Society for the Prevention of Cruelty to Animals Act was amended in 1969 to include the establishment of the Animal Care Review Board. Prior to 1969, the Act gave wide discretionary powers to Humane Society inspectors and agents to seize animals and order owners to carry out certain remedial measures, but did not give the owner or custodian of an animal the right to appeal the decisions of the inspector or agent. At about this time the McRuer Inquiry into Civil Rights among other things dealt with the issue of appeal procedures as they related to administrative tribunals. Among its recommendations was that where no appeal or review procedures existed they should be put in place. The Animal Care Review Board was thus created to comply with the McRuer recommendations.

The Act creates the Society with the objective of preventing cruelty to animals and of protecting and relieving them of cruelty. The Society in fulfilling this objective appoints inspectors and agents with the powers of a police officer. These powers include the inspection of animals who are believed to be in distress. Where the inspector has made that determination, he can apply for a search warrant to enter a building or place to ascertain whether an animal is in any distress. The inspector, where he has found an animal in distress, can order an owner or custodian to relieve the animal's distress and have the animal examined by a veterinarian. Moreover, an inspector can revisit the place where the animal is kept in order to determine whether the owner or custodian has complied with the order. The inspector is also given the power to take possession of the animal, and can have an animal destroyed with the consent of the owner or on the recommendation of a veterinarian.

The role of the Board in this scheme is to provide a mechanism by which the owner or custodian can appeal the decisions of the inspector or agent of the Society.

Under the Act, the Board is to consist of no fewer than four members. At present there are four members appointed by the Lieutenant Governor in

Council, one of whom is made Chairman, and another Vice-Chairman. A majority of members constitutes a quorum. Members of the Board are remunerated on following basis; the Chairman receives a per diem of \$175, and other members receive a per diem of \$125.

The Board is given power of review where an inspector or agent of the Society for the Prevention of Cruelty to Animals, on having determined that an animal is in distress, orders the owner or custodian to take action which will relieve the animal of distress, or asks that the animal be examined and treated by a veterinarian at the expense of the owner or custodian. The other circumstance which may prompt an owner or custodian to ask for a review by the Board is when the inspector takes possession of the animal on behalf of the Society in order to relieve its distress, where the veterinarian has advised the inspector in writing that the health and well-being of the animal necessitates its removal, or where the inspector has determined the animal is in distress but the owner or custodian cannot be promptly found, or where the owner or custodian of the animal fails to comply with the order of the inspector to have the animal examined by a veterinarian or otherwise fails to take the remedial action ordered by the inspector.

Under these two circumstances, the owner or custodian of the animal can appeal to the Board within five days of receiving the notice of the order or after the removal of the animal. The person can appeal against the order, or request that the animal be returned. If in the intervening period between receiving an order and making an appeal, the animal ceases to be in distress the owner or custodian can apply to the Board to have the order revoked. Where the Board receives such applications, the Chairman of the Board must fix a time and date and place for a hearing (within ten days of receiving the application), and must notify the Society and the applicant of the time, date and place of the hearing.

At a Board hearing, the Society and the owner or custodian have the right to hear evidence, cross-examine, call witnesses, present arguments and be represented by counsel or an agent.

The Board, after a hearing, has the discretion to confirm, revoke or modify an order that required the owner or custodian to take certain prescribed action to relieve an animal's distress, or required the owner to have the animal treated by a veterinarian. On the other hand, where the animal has been removed from the owner and is in the possession of the Society, the Board can order that the animal be returned to the owner or custodian, or the Board may impose its own requirements on the owner or custodian, including having the animal treated by a veterinarian. Finally, the Board can order that the costs associated with an order to care for an animal be paid by the Society. The Board can also arrive at a decision without a hearing, but first the Society and the owner or custodian must agree not to have a hearing.

Once a decision has been made, it, along with the reasons for the decision, must be sent to the Society and the owner or custodian. If the Society or the owner or custodian do not agree with the Board's decision, each can appeal that decision to a judge of the county or district, and that hearing must be de novo with the judge having the power to rescind, alter or confirm the decision of the Board, and can make such order as to costs as he thinks appropriate. The judge's decision is final.

The Board incurred expenses in the year 1983-84 of \$1,403.00. Any administrative services required by the Board are provided by the Solicitor General's ministry and any expenses come out of that ministry's budget.

The Board is designated by Management Board as a Regulatory agency within Schedule I and as such is required to have a Memorandum of Understanding. The existing Memorandum details the Board's administrative relationship with the Ministry and makes the Board dependent on the Ministry for administrative support.

Recommendations

The Committee wishes to note at the outset that the Committee's invitation to the Board members to appear on Wednesday, September 5, 1984, at 2 o'clock in the afternoon was not honoured by the Board members. In view of the fact that the

members of the Animal Care Review Board knew of the invitation some months prior to the scheduled date, the Committee views the Board's failure to communicate its inability to attend before the Committee on the scheduled date as discourteous.

With respect to the operations of the Animal Care Review Board the Committee believes that the Board's procedures could be improved in a number of ways in order to ensure procedural fairness.

At present the Ontario Society for the Prevention of Cruelty to Animals Act, under which the Board is constituted, requires the appellant to make his or her appeal to the Board within five days of receiving the inspector's order. While the Committee appreciates that this provision is in the interests of the appellant to have his or her case heard quickly, it, nevertheless, believes that there may be special circumstances that may hinder an appellant from conforming to the five day period. The Committee believes that the Board should have the power to extend the five day period where circumstances warrant.

Your Committee therefore recommends that:

1. The Ontario Society for the Prevention of Cruelty to Animals Act be amended to give the Animal Care Review Board the power to extend at its discretion the period when an appellant must file his or her appeal before the Board, and that such discretion should not be unreasonably withheld.

It has now become a requirement of many quasi-judicial bodies to have their hearings transcribed in order that there be a permanent record of what occurred during those hearings. The transcripts can be used by the Board if, for example, the same appellant is reappearing before the Board, by the lawyers for the appellant, or by the Humane Society. At present, the Committee understands that the Board does not transcribe its proceedings.

Your Committee recommends that:

2. The Animal Care Review Board transcribe its proceedings.

The Committee understands that the Statutory Powers Procedures Act, which establishes the minimum procedural rules for tribunals, applies to the Animal Care Review Board. The Committee, however, believes that the Board should review its procedures to ascertain whether in fact it is operating in strict conformity with the provisions of the Statutory Powers Procedures Act.

Your Committee therefore recommends that:

3. The Animal Care Review Board review its procedures to ensure that they are in conformity with the provisions of the Statutory Powers Procedures Act.

ONTARIO INTERNATIONAL CORPORATION

In 1983 the Committee decided to review the Ontario Educational Services Corporation as part of its biannual reviews of Ontario's agencies, boards and commissions. However, the Committee learned that both the Ontario Educational Services Corporation and the Ontario International Corporation were in the process of completing their required 'sunset reviews' and that there was the possibility that these two agencies would be merged. The Committee decided not to proceed with its review of the Ontario Educational Services Corporation until such time as the 'sunset reviews' were completed.

In March, 1984, it was learned that the two agencies were in fact merged, to create a newly reorganized Ontario International Corporation. In light of this new development, the Committee decided to review the Ontario International Corporation, as it incorporates the mandate of the Ontario Educational Services Corporation.

For purposes of clarity the following section on the International Corporation will be divided into three parts; Part I will describe the mandate and operations of the Ontario Educational Services Corporation prior to its merger; Part II will describe the mandate of the Ontario International Corporation prior to its merger; and, finally, Part III will touch on the mandate of the reorganized Ontario International Corporation.

As has been often noted, Ontario is heavily dependent on foreign trade for its economic well-being, given that 34% of Canada's total exports came from Ontario. The principal exports from Ontario are manufactured goods and raw and semiprocessed materials.

The Government of Ontario, as well as the Federal Government, has over the years provided various forms of assistance to enable established and new enterprises to expand their trade and exports abroad. However, comparatively little attention was paid to the non-goods producing sector of the Ontario economy, that is the consulting services sector. In the 1970s it was recognized that Ontario was not acquiring a share of that market, a market that was heavily dependent on consulting services for the building of large capital projects. At the same time, there was a

recognition that Ontario had the necessary expertise both in the private and public sectors to successfully bid for these capital projects in the developing countries in the Third World.

Two areas were identified as being the most promising - educational services for those projects, including capital projects, that had a clear educational component, and consulting services for capital projects.

The decision to create crown corporations rather than relying on the private sector was based on the fact that most projects in the Third World were financed by the particular governments which prefer to deal with a government agency that could establish working relationships on a 'government to government' basis.

Consequently, in 1980 the Government of Ontario announced the creation of the Ontario International Corporation and the Ontario Educational Services Corporation.

Part I

Ontario Educational Services Corporation

The Ontario Educational Services Corporation was established in 1980 by Order in Council as a crown agency under the Crown Agency Act. In announcing the creation of the Corporation, the Minister of Education indicated to the Legislature that the new Corporation's primary purpose would be "to support Ontario's private sector companies which are conducting business abroad by making available, with government support, the resources of the province's educational system." More specifically, the Corporation would act in a "brokerage" capacity between off-shore clients and those Ontario companies that are doing business abroad where that business involves some educational or training component. For example, if an Ontario company was involved in some capital project such as building a new university, that company could approach the Corporation to arrange for the training of teachers, devising courses or even the hiring of teachers for that university.

In addition, the Corporation could on its own initiative take on contracts to provide educational services directly. Thus, for example, it could recruit teachers in Ontario for educational institutions abroad or arrange for the training of personnel in Ontario institutions.

The Corporation is established as a Crown Agency and was incorporated under the Business Corporation Act. The Minister of Education was the sole shareholder, holding one common share in trust for Her Majesty the Queen in right of Ontario. The Minister was given the authority to appoint the Directors of the Corporation, and prior to the merger there were fourteen Directors, including the Chairman.

The overall management and control of the Corporation's affairs was the responsibility of the Board of Directors. The day-to-day management of the Corporation was given to the President or the Vice President who were appointed by the Minister and were civil servants. The Corporation's other personnel consisted of fifteen civil servants serving in various capacities.

It should be pointed out that the Educational Services Corporation was linked with the Ontario International Corporation; the Chairman of the Board was a Director of the Educational Services Corporation.

The objectives of the Ontario Educational Services Corporation were set out as follows:

1. To study matters and problems relating to and affecting the use of Ontario's educational and training resources in the international marketplace.
2. To promote and assist in the promotion, growth, efficiency and improvement of Ontario's educational and training resources for use in the international marketplace.
3. To participate with other jurisdictions, governments and public and private enterprises to assist and develop Ontario's educational and training resources for use in the international marketplace.
4. To carry on the business of providing and furnishing to individuals, firms, businesses, associations and corporations of all kinds and to governments and municipalities and their agencies and commissions,
 - (a) teachers and other educational personnel, technical, professional and other managerial administrative and executive personnel of all kinds;

- (b) consulting services and personnel services of all kinds relating to education and training.
5. To engage in and carry on the business of providing services to individuals, firms, businesses, associations and corporations of all kinds and to governments and municipalities and their agencies and commissions in connection with educational, training or similar undertakings.
 6. To carry on the business of providing and furnishing to individuals, firms, businesses, associations and corporations of all kinds and to governments and municipalities and their agencies and commissions,
 - (a) administrative services whereby educational staff is recruited and supplied,
 - (b) educational technicians, teachers and other educational personnel,
 - (c) consulting services and personnel services relating to education.
 7. To supply services of any and all kinds to persons engaged in educational training and resources and without limiting the generality of the foregoing to supply management, research, consulting, pricing and related services to persons engaged in the development of educational training in international projects.
 8. To carry on any other trade or business whatsoever which can, in the opinion of the Board of Directors, be advantageously carried on by the Company in connection with or ancillary to the general business of the Company.

As the Corporation's Annual Report for 1982-83 indicates, the world economic climate had not been sufficiently buoyant to permit the Corporation to realize its objectives. Economic uncertainty had a particularly negative impact on Third World countries, the principal market for the Corporation. Thus, the Corporation was not able to complete a contract in Mexico because of that country's difficult economic climate.

The Corporation's principal area of concentration had been the Middle East and Southeast Asia, and some success had been achieved in these areas. The Corporation had undertaken some eleven marketing missions, with nine going to such Middle Eastern countries as Saudi Arabia, Bahrain, Qatar, Kuwait, Jordan, Oman and the United Arab Emirates, and another two missions to Southeast Asia including Indonesia, Malasia, Singapore, Thailand and the Philippines. The result of these efforts had been that the Corporation signed a contract with Bahrain to develop a Technical Training School for the Bahrain Defence Force. This project was initiated in cooperation with several private companies - the Environmental Consulting Services Limited, Project Planning Associates Limited and Perrytech Corporation Limited. Under the contract, the Corporation was responsible for overall project management and coordination, staff recruitment and technical assistance during the first four years of operation. The private companies, on the other hand, were responsible for the design of the school, supervision of construction and procurement of equipment.

Other projects in which the Corporation was involved included a fellowship training program for instructors employed by the Government of Malaysia under the auspices of the International Labour Organization. The Corporation also arranged training in civil aviation for students from Saudi Arabia. In the area of personnel recruitment, the Corporation recruited ten Canadian instructors to teach in the English and Business Department of Gulf Polytechnic in Bahrain. In addition, the Corporation provided several study tours for employees and managers from Nigeria.

When the Corporation was created in 1980, the Ministry provided \$400,000 as seed money. It was expected that the Corporation would be self-sufficient after three years. The Corporation, however, has not been able to achieve self-sufficiency, with the result that in 1982-83 it incurred a loss of \$229,183. In 1982-83 the Corporation made an arrangement with the Ministry of Education whereby the Corporation's seconded employees would be paid by the Ministry rather than have their salaries charged to the Corporation. As a result of this arrangement, the Corporation realized the net income of \$9,257 in 1982-82 and \$42,267 for 1982-83.

A closer review of the Corporation's Statement of Operations reveals that in 1982-83 the Corporation had contract revenue worth \$729,718 while contract expenditures came to \$702,358. Consequently, net contract revenue was \$27,360.

On the other hand, administrative expenses totalled \$411,265 which were defrayed by the Ministry in the form of an operating grant of \$143,300 and by paying the Corporation's payroll costs of \$270,291.

The Corporation was designated as an operational agency within Schedule I of Management Board's classification system. The Corporation was therefore required to have a Memorandum of Understanding detailing the agency's relationship with the Ministry of Education. In addition to setting out the Corporation's objectives, the Memorandum elaborated the financial and administrative arrangements. Thus, it was established that for the first three years of the Corporation, the Ministry would provide operating funds to meet the difference between expenditures and revenue. Beginning with the fourth year the Corporation was expected to be self-sustaining, provided that the sunset review favoured the continuation of the Corporation. If it were to continue, the Memorandum required that it adopt sound accounting and business practices; that it submit to the Minister its proposed annual budget and marketing plan, and that at the end of each fiscal year it would present the Minister with its annual report. In addition, the Memorandum required that the Corporation submit quarterly financial reports to the Minister detailing all relevant financial information. Where the Corporation took in profits, the Corporation was permitted to retain \$500,000 for working purposes. Amounts in excess of that sum were to be transferred to the Treasurer.

Where the Corporation engaged in discussion with the Canadian Bankers' Association, or entered into financial arrangements that would increase the Province's liabilities or where some scheme would affect the Government's financial or management policies, the Corporation was required to contact the Assistant Deputy Minister in the Ministry of Treasury and Economics. More generally, the Corporation was obliged to provide any information on its operations to Management Board and the Minister.

With respect to administrative relationships, the Corporation was required to follow the guidelines established in the Ontario Manual of Administration. The exceptions to this general rule were that the Corporation could maintain its own bank account, could undertake its own purchasing, but within Management Board guidelines, and was required to use the provincial coat-of-arms instead of the trillium where external contact was involved.

The Minister would provide the Corporation with its permanent employees through secondments, and any other additional personnel services. The Memorandum also detailed where permanent employees could travel, and when they did travel the Premier's office had to be notified.

The Memorandum also set out that the Corporation was subject to the internal audit of the Ministry, and the audit of the Provincial Auditor.

Finally, the Memorandum required the Minister to sunset the Corporation within three years of its creation unless the Lieutenant Governor in Council directed that the Corporation should continue.

Part II

Ontario International Corporation

As the Ministry of Industry and Trade has recognized,

the need to aggressively pursue foreign markets is one that no country, certainly not one as dependent on international commerce as Canada, can afford to ignore. . . . While vital to the economic prosperity of all Canadians, a co-ordinated set of policies to promote exports is of particular importance to Ontario, which derives 34 percent of its wealth from the export of goods and services.

In particular, the Ministry expressed concern that Canada and in particular Ontario was not aggressively pursuing markets in the developing countries, with respect to the export of services and expertise. To ensure that Ontario firms were in a position to bid and obtain contracts in the world market, the Ontario Government created the Ontario International Corporation to act as Ontario's single marketing agency that would help bring public and private sector expertise together with potential clients.

As set out in Regulation 241, the Corporation's functions are as follows:

1. To create and stimulate employment and investment in Ontario by developing and promoting the export of Ontario goods and services on a competitive basis in domestic and international markets, including

- i) The provision of services to co-ordinate the public and private sector with respect to the export of Ontario oriented products and services; and
- ii) The provision of financial assistance by way of loan or guarantee, to a person carrying on an industrial undertaking in Ontario.
- iii) Subject to the approval of the Lieutenant Governor in Council, to lend money or guarantee a loan made by a lender approved by the Ontario International Corporation, and to assist in the cost of feasibility studies, proposals, bid presentations, market development costs, and matters related thereto and to forgive repayment of such loans in whole or in part.
- iv) To structure, promote, market and finalize export transactions of maximum benefit to the Ministries and boards, agencies and commissions of the Government of Ontario as well as the private sector in fields such as Energy, Environment, Health, Education, Agricultural Resources, Transportation, and Manufacturing.
- v) To do all things that are incidental or conducive to the attainment of the objects of the Ontario International Corporation.

In interpreting its functions and mandate, the Corporation has identified three purposes it serves within its general mandate:

- i) To identify export opportunities for the private sector in capital projects. To ensure the integration of private interests and government endeavours through consortia.
- ii) To provide the government-to-government link in doing business with developing countries.
- iii) To act as a primary marketing agency in foreign markets; to promote a blend of private sector and governmental expertise. Sectors are: planning, designing, constructing and operating, hospitals, schools, power plants, transportation, industrial and communication systems, and other forms of infrastructure development.

It should, however, be pointed out that the Corporation is not a funding agency; rather it identifies markets and Ontario expertise, promotes contacts, helps in the creation of consortia of private and public entities.

The Ontario International Corporation was established by O. Reg. 241 under section (5) of the Development Corporation Act. It is constituted as a corporation without share capital to which the Corporations Act and the Corporations Information Act do not apply.

The Corporation consists of no fewer than three and no more than seven members appointed by the Lieutenant Governor in Council. Prior to the merger, there were four members. The members of the Corporation are also made its Board of Directors, and one member is designated as Chairman. Three of the members were civil servants and the Chairman who was also the President was a Crown Employee.

The Board of Directors was assigned the responsibility for establishing the Corporation's general operating practices and policies. The Board, however, was required to comply with any directions given to it by the Lieutenant Governor in Council setting out the policies of the Ontario Government.

The staff of the Corporation in 1983-84 consisted of nine persons, including four marketing specialists, one of whom was responsible for South-East Asia, another for Latin America, another for the Africa and the Far East, and another for the Middle East and the Indian sub-continent area.

The Corporation as part of its marketing strategy created four internal marketing committees: Ontario Seaway Promotion; Ontario Health Services Task Force, Ontario Transit Promotion and Ontario Science Centre.

The Corporation also created an Advisory Council composed of presidents of provincial associations of four major client groups: consulting engineers, architects, general contractors and management consultants. The Council would act as a consultative body that would on the one hand make the Corporation better known among its client groups, and on the other hand, provide information and advice as to how the Corporation could be more effective in serving them abroad.

The Corporation, as has been already mentioned, is not a funding agency, providing grants or loans to private sector companies in the manner of the various Ontario Development Corporations. Where a particular company requires money to undertake a feasibility study, it is the Ministry itself which will provide any funds. The International Corporation provides a service and that service is to help market Ontario expertise abroad, principally in the developing countries. In fulfilling this marketing role, the Corporation engages in a variety of activities.

1. Publicizing the Corporation

In a highly competitive market, of which Ontario has had only a relatively small share, the Corporation has had to quickly make itself and its services known to both the groups that wish to sell their expertise and those customers who would want to engage Ontario companies for their capital projects. Thus, it has created brochures that describe the role of the Corporation and the kinds of expertise that are available in Ontario. These brochures have been sent to senior government officials, bankers and development agencies around the world. It has made contact with Ontario's consular corps and the various professional associations in Ontario by holding regular meetings.

2. Identifying Expertise in Ontario

In order that the Corporation can best serve its clients and fulfill its mandate, it has identified private sector and public sector expertise. With respect to the private sector, the areas of expertise are: - consulting engineers, architectural firms, construction contractors, and management consultants. The various firms in these categories have been identified on a matrix grid which provides quick reference as to the specific type of expertise each firm possesses. With respect to the public sector, the Corporation has identified expertise in the following areas: - health services, educational services, transportation services, research services, environmental protection, electrical generation.

3. Helping in the Foundation of Consortia

Except for perhaps the various large firms which have the capability to provide expertise in a number of areas, most smaller firms could not bid on a capital project on their own. Consequently, for a bid to be successful, a number of firms

will cooperate and create a consortia to bid on a contract and carry out the required work. The Corporation will act as middleman in bringing together the particular firms to form a consortia.

4. Identifying Markets and Customers

The international projects market is said to be worth over \$100 billion yearly. As part of its service, the Corporation seeks out capital projects around the world, but principally in the Middle East, the Far East and South West Asia, in Africa and South America. The Corporation's staff regularly make annual visits to these areas to probe for potential customers and in the process identify the priority opportunities, by geographic market and capital-project sector on which firms, government and consortia should concentrate.

The Corporation also brings potential customers to Ontario to see the practical effects of Ontario's expertise.

5. Liaison with Federal Agencies

A number of federal agencies, such as the Canadian International Development Agency, the Canadian Commercial Corporation, and the Export Development Corporation, are funding agencies providing financial resources to aid Canadian clients and offshore customers. The Corporation cooperates fully with these agencies in helping to find the financial assistance best suited to the Corporation's clients and their customers.

From July, 1980 to March, 1984 the Corporation's efforts to fulfill its mandate can be summarized as follows:

During the year 1980-81 the Corporation assisted or advised some 15 Consortia, of which four negotiated contracts worth over \$85 million in capital projects. At this stage, the Corporation set a target of three to four signed contracts annually.

During the Corporation's first complete fiscal year, 1981-82, the Corporation assisted 25 consortia and worked with a number of companies and government agencies. The value of contracts pursued exceeded \$200 million.

During 1982-83, the Corporation assisted some 27 consortia, and the Corporation's clients were involved in one hundred capital projects valued at \$8 billion. The Corporation was actively involved in helping to form seven new consortia involving 30 companies. The end result of the Corporation's efforts was that it was able to directly influence \$14.8 million in fees and \$12.6 million in product sales. With respect to fee income, the Middle East accounted for 56 % of the fees received, Africa 30 % and the rest of the world 14 %.

Although the worldwide recession has meant that some developing countries are delaying their capital projects, the Corporation expects that the capital projects market will continue to need Ontario's expertise. Consequently, it has developed a strategy of placing more emphasis on identifying those projects that match Ontario particular expertise. The Corporation expects that by the year 1987 it will have contributed to the export of \$60 billion worth of goods and services abroad.

The Corporation's operations are financed out of money appropriated by the Legislature as part of the estimates of the Ministry of Industry and Trade. Because the Corporation is not a funding agency all the funds that the Corporation receives go towards its operations. Over the last several years, the expenses in the standard account categories have been as follows: 1983/84 - \$746,800; 1982/83 - \$687,000; 1981/82 - \$679,000.

For 1984-85, the Corporation projects its expenditures will be \$1,527,300, largely as a result of the merger with the Ontario Educational Services Corporation.

A breakdown of the 1982-83 standard account categories in the Corporation's fund allocations reveals the following expenditures:

| | |
|-------------------------|---------------|
| incoming delegates | \$ 30,530 |
| staff probes | 74,900 |
| promotion | 21,500 |
| client probes | 55,850 |
| consortia assistance | 5,000 |
| contractual services | 38,110 |
| furnishing and supplies | 17,289 |
| overhead | <u>58,494</u> |
| | 301,673 |

These figures exclude the \$385,000 in wages and benefits for 7 classified employees, one crown employee and temporary staff.

For an understanding of the Corporation's accountability relationships, one must refer to Regulation 241 as amended by Regulation 113/84 and the Memorandum of Understanding between the Corporation and the Ministry of Industry and Trade. In addition to setting out the objectives and organization of the Corporation, the regulations provide that the Corporation shall be audited by the Provincial Auditor and his reports will be provided to the Corporation and the Minister. Moreover, the Corporation is required to make an annual report to the Minister which shall be laid before the Assembly, and, in addition to the annual report, the Minister can ask for any other reports on the Corporation's affairs and operations. The broad policies of the Corporation can be controlled by the Lieutenant Governor in Council who can issue directives to the Corporation. The Regulations also provide for a set termination date of the Corporation, subject to any change of that date by the Lieutenant Governor in Council. In effect, this provision requires that every three years the Corporation undergo a 'sunset review'.

In addition to what is required by the regulations, the Corporation's Memorandum of Understanding details the specific roles and responsibilities of the Minister, the Corporation's Board of Directors, the President of the Corporation and the Ministry of Industry and Trade.

The Minister's principal responsibility towards the Corporation is to provide the Corporation with broad policy objectives, to review its long-range plans, its budget and marketing strategies. The Board of Directors, on the other hand, is given the general responsibility of directing and controlling the management of the Corporation within the policies approved by the Minister. The President is given responsibility to carry out the day-to-day affairs of the Corporation. The responsibilities of the Ministry of Industry and Trade are to provide specific support services, with respect to such matters as budget preparation, personnel, computer systems and internal audits.

With respect to financial arrangements, the Corporation is required to develop annual operating budgets and a multi-year marketing plan. It is also required to maintain sound accounting procedures and business practices. Where the Corporation seeks to enter into any financial agreement which could increase the

Province's direct, indirect or contingent liabilities, or affect the financial or debt management policies of the Province, the Corporation has to obtain the agreement of the Treasurer.

The Memorandum's provisions with respect to operating relationships repeat what was detailed in the regulations. As for its administrative relationships, the Memorandum requires that the Corporation adopt the administrative procedures of the Government as prescribed by the Manual of Administration, unless specifically exempted.

In addition, the Memorandum requires that the President of the Corporation report on a day-to-day basis to the Assistant Deputy Minister of Trade with respect to the quarterly forecast of activity, monthly operating reports, agendas and minutes of Board meetings, and results achieved in relation to the annual plan of activities.

Part III

Sunset Review and Merger

As stipulated by Regulation 241, the Ontario International Corporation was required to be terminated on June 1, 1983, unless that date was extended by the Lieutenant Governor in Council. That termination date was in fact extended, first to December 1, 1983, then to March 1, 1984 and then for five years to March 1, 1989. During this period the Cabinet conducted a 'sunset review' of the Ontario International Corporation and the Ontario Educational Services Corporation. The result of that review was the decision to merge the OESC with the International Corporation. This decision was based on a number of factors, including the fact that the Educational Services Corporation stood outside the one agency approach to marketing, and the fact that in many respects the two corporations relied on the same markets and contacts.

The Minister of Industry and Trade explained the merger saying that he believed that the complementary services of both bodies should be brought together in a single, logically organized structure under Industry and Trade. The Minister stated, often, the ability to offer personal training packages, which is OESC's area of expertise, is critical to the winning of capital projects which is OIC's mandate. It made sense to unite them in this way.

As a result of the merger the OESC's function has been merged into a reorganized Ontario International Corporation. Ontario Regulation 113/84 gives the International Corporation additional functions, reflecting the Corporation's merger with OESC. The added new functions are:

- 1) To continue the business area undertaking of the Ontario Educational Services Corporation and in connection therewith to acquire all its assets and assume all its obligations.
- 2) To study, promote and assist in the growth, efficiency and improvement of Ontario's educational and training resources for use in the international market place.
- 3) To carry on in domestic and international markets the business of providing educational and training services to the private and public sectors.
- 4) To enter into contracts and operate bank accounts as may be required to carry out its objects, exercise its powers and perform its duties.

In addition to these changes to the functions of the Corporation, there have also been changes with respect to its structure and organization. The Corporation will now consist of ten members, six of whom will be appointed on the recommendation of the Minister of Industry and Trade, and four on the recommendation of the Minister of Education.

Also the new International Corporation will be divided into two operational divisions, one dealing with capital projects and the other dealing with educational services. Staff will double from nine to eighteen.

Recommendations

As has been already discussed, the Ontario International Corporation was created to assist Ontario's consulting expertise, both in the private and public sectors, to be marketed abroad, particularly in the Third World countries. This action was taken in the belief that Ontario was not acquiring its fair share of the estimated \$100 billion market that exists in the capital projects and educational consulting fields.

Acting as a catalyst, the Ontario International Corporation seeks to bring together Ontario consulting firms and off-shore clients. The benefits to Ontario from the marketing activities of the Corporation are that not only do Ontario's consulting firms continue to provide employment for their own personnel, but there are also additional spin-off effects from having Ontario firms design and oversee the creation of capital projects. Where Ontario's firms are so involved, they can have a material impact on the procurement of manufactured goods and equipment that will be necessary to operate the plant, hospital, university, or other project. This means that success in winning contracts to construct capital projects could ultimately lead to an increase in employment in Ontario's manufacturing sector.

The Committee is of the opinion that the mandate of the Ontario International Corporation is a useful one, and one which the Committee wishes to support.

While the Committee expresses general support for the work of the Corporation, it does wish to make some observations on the Corporation's performance.

In the course of its meeting with the officers of the Corporation, the Committee raised the question of how the Corporation measures its success. The Committee believes that it is not enough for the Corporation to say that it has helped a consortium to be established. It believes that the Corporation must devise a method by which it is able to show directly how much business it has generated for Ontario consulting firms and how much employment the Corporation has been able to generate as a result of its activities.

Your Committee therefore recommends that:

4. The Ontario International Corporation devise a method of calculating in a direct way the extent of its success in promoting employment in Ontario.

In order that the Legislature and the public may have an opportunity of assessing the degree to which the Ontario International Corporation is keeping to its mandate of helping Ontario's consulting firms market their services abroad, the Committee is of

the opinion that the Corporation in each of its annual reports should publish a complete list of all the Ontario firms it has helped in forming consortia and in providing any other forms of assistance.

Your Committee therefore recommends that:

5. The Ontario International Corporation publish in its annual reports a complete list of those Ontario firms that it has aided in marketing their expertise abroad.

The Committee believes that if the Corporation is to be successful in creating opportunities for Ontario consulting firms to bid on international capital projects, all of Ontario's consulting firms should have the same access to the Corporation and the same support from the Corporation, irrespective of their size and geographic location in Ontario.

Therefore your Committee recommends that:

6. The Ontario International Corporation should make every effort to ensure that all Ontario consulting firms have the opportunity to bid on international capital projects.

Over the last decade, government support to industry has grown to encompass a variety of policies and programs, including those directed at strengthening Canada's international trade and export development. At the federal level, there are such organizations as the Export Development Corporation and the Canadian International Development Agency operating within the context of the Federal Government's international trade policy. At the Ontario level, there is the Ministry of Industry and Trade and the Ontario International Corporation, as well as such entities as IDEA Corporation and the Ontario Development Corporation, each seeking to stimulate Ontario's economic development. The Committee is concerned that with the growth of these agencies and programs at the federal and provincial levels opportunities for strengthening Canada's and Ontario's international trade potential could be lost as a result of lack of co-ordination between the federal and provincial authorities and among the provincial authorities themselves. The Committee feels that it is imperative that such co-operation and co-ordination exist if Canada's international trade policy is to be effective.

Your Committee therefore recommends that:

7. The Ministry of Industry and Trade in co-operation with the Ontario International Corporation ascertain what mechanisms for co-ordinating federal and provincial trade policies could be implemented to strengthen the efforts of both levels of government.

At the same time, the Committee feels that at the provincial level there is a need for the International Corporation and other similar agencies that provide advice and other assistance to Ontario's companies to co-ordinate their programs. The Committee is of the opinion that it is the responsibility of the Ministry of Industry and Trade to provide leadership in this regard, in order to ensure that all relevant and timely information is shared between it and its various economic development agencies.

Your Committee recommends that:

8. The Ministry of Industry and Trade ensure the co-ordination of programs within its Ministry and between it and those agencies that provide assistance to the private sector.

In considering the role and mandate of the Ontario International Corporation, the Committee gained the impression that the Corporation, in acquiring international contacts and gathering intelligence with respect to capital projects, was in a unique position to extend its horizons and become a channel of communication and contacts not only for Ontario's consulting firms but also for those firms and companies that manufacture goods that would be appropriate for export. While the Committee recognizes that this new additional function is beyond the scope of the Corporation's present mandate, it nevertheless believes that the Corporation should give serious consideration to incorporating this additional intelligence and advisory function.

Your Committee recommends that:

9. The Ontario International Corporation, in conjunction with the Ministry of Industry and Trade, give serious consideration to expanding the mandate of the Corporation to include the marketing of manufactured goods abroad.

While the Committee recognizes that the Corporation is not a funding agency, it is in the best position to provide 'one-stop' information as to how and where to seek financing where Ontario firms seek economic assistance in order to export abroad. The Committee believes that the Corporation should be formally designated as the agency which Ontario's exporting companies can call to obtain comprehensive information with respect to all forms of financing.

Your Committee recommends that:

10. The Ontario International Corporation, with the approval of the Ministry of Industry and Trade, become the principal source of information for those Ontario companies seeking financial support for their export ventures.

Finally, the Committee wishes to note that the newly reorganized Ontario International Corporation, with its dual mandate to market consulting and educational expertise, has been given a mandate for five years until 1989 when it again will be subject to 'sunset review' by Cabinet. The Committee supports this review process, and believes that the Legislature too should have the opportunity to review the activities of the Corporation. In particular the Committee would wish to review how the merger has affected the dual mandate of the Corporation.

Your Committee recommends therefore that:

11. The Standing Committee on Procedural Affairs undertake to review the Ontario International Corporation in 1988.

NIAGARA PARKS COMMISSION

The Niagara Parks Commission originated in 1885 with the passage of the Niagara Falls Park Act. The principal reason for the creation of a public authority to oversee the development and preservation of the lands adjacent to the Falls was to prevent the deterioration of those lands as a result of excessive and uncontrolled commercialization. This mandate of the Commission continues today under the Niagara Parks Act.

From an initial base of 154 acres adjacent to the Horseshoe Falls, the park system now extends from Lake Erie to Lake Ontario along the Niagara River for a distance of approximately 35 miles, encompassing some 2,825 acres. In addition to having the responsibility of preserving and beautifying the physical characteristics of the land sites, the Commission has developed an infrastructure of tourist facilities that makes the Niagara Parks one of the premier tourist attractions in Canada.

Over the years the Commission has refined its original mandate to produce a set of goals.

1. To maintain, preserve and enhance the beauty and surroundings of the Canadian Niagara Falls and the Niagara River, from Fort Erie to Niagara-on-the-Lake.
2. To develop, operate and maintain a system of park and recreation areas, historic sites and educational facilities which complement the natural wonders of the Niagara Falls and the Niagara River, and which will facilitate and add to the visitor's enjoyment.
3. To provide those wishing to view and enjoy the splendor of Niagara Falls an opportunity to do so with ease.
4. To provide a broad range of educational opportunities for people in the fields of horticulture, geology, natural history, and the history of the Niagara Frontier.
5. To continually seek new methods and means for improving the visitor's experience when visiting the Falls area.
6. To encourage complementary uses of lands adjacent to the Parks System, and to work with other groups and agencies who have compatible interests in the Park area.
7. To insure a suitable first and/or last impression for the many millions of visitors to Ontario and Canada crossing the borders along the Niagara Frontier.
8. To encourage and promote the development of the tourism industry in Ontario and Canada.

9. To pursue the self-sustaining nature of the Parks System while recognizing the limitations of compatible and suitable revenue-producing facilities and the long range need for capital improvements.

These goals suggest that the Commission sees itself as more than passively preserving the natural characteristics of the parklands; rather it has developed an aggressive policy of providing the Niagara visitor with a range of facilities and experiences that will make every visit memorable. In other words, the Commission is actively engaged in the tourist business, but in a way compatible with its original mandate.

The Commission is constituted as a corporation, whose objects, duties and powers are set out in the Act. The Commission's executive powers are vested in the members of the Commission, of whom there can be no fewer than ten and no more than twenty, all appointed by the Lieutenant Governor in Council. At present there are twelve members, and of those, four represent the following municipalities as required by the Act: Council of the Regional Municipality of Niagara; Council of the Town of Fort Erie; Council of the City of Niagara Falls; and the Council of the Town of Niagara-on-the-Lake. Each of these municipal representatives is appointed on an annual basis. The other eight members are appointed for three year terms.

One member of the Commission is designated as Chairman and another as Vice-Chairman. The former receives \$5,000 per year and the latter \$2,500; the other members receive \$50 per day for expenses. The members met eleven times in 1983.

The Commission's administrative structure reveals the following departments:

- Administration
- Personnel
- Police
- Safety
- Attractions
- Horticulture
- Retail Operations
- Food Services
- Historical Sites
- Engineering
- Accounting

Each department is headed by a manager or other senior officer, each of whom are responsible to the General Manager. The permanent staff of the Commission in 1983 numbered 245 while the seasonal employees numbered 1,197.

Under the Niagara Parks Act, the Commission is given the mandate to manage, control and develop the Parks and in pursuance of this object the Commission may do the following:

- a) lay out, plant and enclose the Parks;
- b) construct and pull down buildings and structures;
- c) construct and operate incline railways, aerial cars, lifts and works to assist the public in reaching and viewing the points of interest in the Parks;
- d) construct or acquire by purchase, lease or otherwise and operate bridges over the Niagara River, and for that purpose enter into agreement with any authority having control of the territory beyond the International Boundary required for any such bridge, or enter into agreement for the joint construction and operation by the Commission and such authority of any such bridge;
- e) construct and operate golf courses, bowling greens and swimming pools;
- f) construct and operate restaurants, refreshment booths and stands for the sale of souvenirs and other wares;
- g) construct and maintain toilet and other facilities for the convenience of the public;
- h) acquire and operate buses and other vehicles for use in connection with the Parks;
- i) acquire and operate boats for use in connection with the Parks;
- j) operate a school for the training of apprentice gardeners;
- k) make agreements with persons with respect to the establishment or operation by them of any works or services in connection with the Parks;
- l) appoint such auditors, officers, clerks, keepers, gardeners and other persons as may be required;
- m) receive and take from any person by grant, gift, devise, request or otherwise, any property, real or personal, or any interest therein;

- n) make grants of money and provide services for educational purposes or for any purpose that may serve to publicize or foster interest in the Parks; and
- o) make such by-laws, rules and orders as may be considered expedient for the constitution of the Commission and the administration of its affairs and do such other things as may be necessary or advisable to properly exercise its powers and discharge its duties.

In addition to the above duties and powers, the Act also gives the Commission several other powers. Thus, it is given the authority to borrow money and issue securities to repay its loans. The Lieutenant Governor in Council is given the discretion to authorize the Treasurer to guarantee the payment of any securities issued by the Commission. The Commission may also acquire land either by purchase or lease, it can expropriate such land without the consent of the owner, or it can sell or dispose of any land. When the Commission takes land compulsorily it has the power conferred on the Minister of Government Services in relation to a public works and when the Commission expropriates land it must do so in the manner laid down by the Expropriations Act.

With respect to highways that may be in the parklands or adjacent to parklands the Lieutenant Governor in Council may vest (in the Commission) any highway in any municipality. Once vested in the Commission, it has exclusive jurisdiction over it. Alternatively, the Act provides that the Commission and any municipality can enter into an agreement with respect to the acquisition by the Commission or by a municipality of any highway or land or an agreement can relate to the physical construction and maintenance of any highway. Moreover, where such an agreement is entered into, it can confirm details as to how the costs are to be apportioned. Further, the Lieutenant Governor in Council may designate any of the roads, highways, etc. of the Commission as a controlled access highway and where a road etc. is so designated the Lieutenant Governor in Council may make regulations under the Public Transportation and Highway Improvement Act.

Where a municipality adjoins the Commission or is within five kilometres of the lands of the Commission, the Commission and the municipality may enter into an agreement with respect to the kind of work mentioned in the Local Improvement

Act, and the Commission may contribute whatever sum it wishes toward the cost of any improvement, but the Commission is not liable to any assessment under the Local Improvement Act.

The Act also stipulates that the Public Vehicles Act applies to the highways and public places of the Commission and the Commission has the authority of the Ministry of Transportation and Communications and the Lieutenant Governor under the Public Vehicles Act. Where licence fees and tolls and penalties are imposed under the latter Act, those shall be paid to the Commission.

The Niagara Parks Act also stipulates that with the authority of the Lieutenant Governor in Council the Commission may continue to collect water revenues and rentals under agreements made between the Commission and Canadian Niagara Power Company Limited, the Ontario Power Company, the Electrical Development Company of Ontario Limited and Ontario Hydro. It should be pointed out that only two companies, Ontario Hydro and Canadian Niagara Power Company, Limited, continue to operate on the Niagara River. In addition, the Commission can, with the approval of the Lieutenant Governor in Council, enter into agreements permitting the generation of power on the Niagara River or the Niagara and Welland Rivers at points within the Parks. The Commission can also renegotiate any existing agreement, but in either case the agreement entered into or renegotiated becomes operative only after confirmation by resolution of the Assembly.

The Commission is also permitted to grant, with the approval of the Lieutenant Governor in Council, any rights with respect to lands which may be required to build a new bridge over the Niagara River, or confirm the present occupation of land by any existing bridge company.

At the operational level, the Commission can be said to have two broad activities that can be discerned within the context of its legislative mandate and its stated goals. One such activity can be described as commercial. That is, the Commission in seeking to sustain itself financially, operates a number of facilities on a profit basis. These activities include the following:

Table Rock Scenic Tunnels
Niagara Spanish Aero Car

Viewmobiles

Horseshoe and Maid of the Mist Incline Railways

Miller's Creek Campsite and Charles Daley Park Camp grounds

Niagara Parks Marina

4 Parks Area Parking Lots

8 Retail Shops and 2 garden shops

Restaurants - 4 licensed
 - 1 cafeteria
 - 11 snack bars

Golf Courses - 2

Historic Sites - Fort Erie
 - Battlefield House, Stoney Creek
 - Drummond Hill Cemetery
 - McFarland House.

It would appear evident from this list that the Commission has not only sought to provide for the basic physical maintenance of the Niagara parklands but has also created an integrated network of tourist facilities that encourages the tourist to use these facilities over extended periods of time.

The other principal activity of the Commission is the physical preservation and maintenance of the parklands. The Commission has a number of departments which are involved in this endeavour. The Engineering Department is responsible for the maintenance of equipment and buildings of the Commission, the Niagara Parkway and the connecting service roads from Lake Erie to Lake Ontario.

Traffic congestion during the peak summer months has created parking and transportation problems, which the Commission in co-operation with the local municipalities and tourist agencies has attempted to solve. The Commission has decided to construct a transit system in the parklands and the Urban Transportation Development Corporation has been contracted to advise the Commission on what system should be employed. The Commission is also planning to rehabilitate the Spanish Aero Car and has completed the River Road neighbourhood study with the City of Niagara Falls. In addition, the Commission has completed a number of capital projects to improve its facilities.

In keeping with its maintenance and preservation function, the Commission has the authority to establish a police force to maintain order and protect the property and

buildings of the Commission. The Force consists of a Chief of Police and eighteen permanent officers, who are augmented during the summer months by twenty-six temporary officers.

The Commission also has a Horticulture Department and a Horticulture School. The former is responsible for the upkeep of the Commission's gardens and parks. The Greenhouse is the main source of plants and flowers. The Horticulture Department is also responsible for dealing with such matters as deeds, leases and agreements, property surveys and easements, licenses and permits.

The School of Horticulture operates on an apprenticeship basis, providing students with a well-rounded experience in horticulture.

The Commission also has administrative and other support systems: the Personnel Department whose main responsibility centres on processing job applications, particularly summer job applications; the Public Relations Department which provides information on the Commission's activities; and an Accounting Department which is responsible for financial record keeping and control, as well as economic forecasting and budget preparation.

The Niagara Parks Commission is an agency under the Minister of Tourism and Recreation. It is designated as an Operational agency within Schedule II by Management Board of Cabinet. As such, it is required to have a Memorandum of Understanding with the Ministry. The Commission's existing Memorandum clarifies the roles and operating relationships of the Commission and the Ministry. Thus, the Minister is obligated to "advise the Commission of significant changes in Government policy and other developments of special interest to the Commission." Moreover, the Minister is to provide general policy advice and to indicate to the Commission when it should observe Government restraint policies. For its part, the Commission is required in its annual report to the Minister to outline its goals and objectives, to advise the Minister in advance of significant changes to Commission policy and to keep the Minister informed of controversial matters affecting the Commission.

With respect to financial arrangements, the Memorandum reasserts the provisions of the Niagara Parks Act that allow the Commission to receive water rentals, which

the Commission is to use along with operating revenues to maintain financial self-sufficiency. The borrowing power of the Commission is limited to what is detailed in the Niagara Parks Act. The Memorandum places an obligation on the Commission members to determine the maximum expenditure that the General Manager can authorize.

On the level of day-to-day operating relationships, the Memorandum requires that the Commission communicate through the Deputy Minister of Tourism and Recreation. Moreover, the Minister is to receive copies of the minutes of the Commission meetings.

As for administrative arrangements, the Commission is required to follow the intent of the policies set down in the Manual of Administration, and the Commission must submit to the Minister in writing all those matters requiring the prior approval of the Lieutenant Governor in Council as provided in the Niagara Parks Act.

The Act itself establishes further provisions relating to financial accountability. It requires the Commission to keep proper accounts, and that such accounts be open to members of the Commission, the Treasurer of Ontario and anyone else who has been appointed by the Treasurer or the Commission to inspect the Commission's accounts. Moreover, the accounts of the Commission are required to be examined annually by the Provincial Auditor or some other auditor appointed by the Lieutenant Governor in Council. The Commission is also required to file annually with the Minister of Tourism and Recreation a statement of its finances, as well as any other documents that the Lieutenant Governor in Council deems is of public interest. The Minister is then required to lay the report before the Legislature.

The Commission was created as a financially self-sustaining entity. It receives no government grants or transfer payments; consequently, funding for the Commission is not appropriated by the Legislature.

As a financially self-sustaining agency, the Commission must generate sufficient revenues to cover its operating and capital expenses; moreover, these revenues must be earned during the peak months of the tourist season, June to September. The only major source of revenue not dependent on this 90 day cycle is the income the Commission receives from water rentals.

During 1983, the Commission's gross receipts came to \$21,700,000 and represented income from food, souvenirs, beer, liquor, tobacco, and confectionery sales, as well as income from fares, admissions and rentals. This figure represents only a 3.8% increase over 1982. The lower than expected increase reflects the fact that overall attendance was down from the previous year. The Commission's gross profit for 1983 came to \$15,170,000 and this figure is arrived at by subtracting the cost of the goods sold from gross receipts. When we further subtract the Commission's operating expenditures of \$7,417,000, the net income (including depreciation) of the Commission derived from giftshops, restaurants and attractions came to \$7,200,000.

This figure, however, does not include additional sources of revenue and expenditures. Additional revenue was realized from such sources as interest on bank deposits, premium on U.S. funds, profit on the sale of fixed assets, tolls and fees, and water rentals. The latter source realized over \$3 million from Ontario Hydro and Canadian Niagara Power Company. These other sources of income when added to the net income of \$7,200,000 came to \$12,150,000. However, expenditures of \$8,114,000 were incurred to pay for maintaining the grounds and facilities, for the operations of the School of Horticulture and the Engineering Department and to maintain the Commission's Police Department. Some \$6,500,000 was expended on these various activities and departments. In addition, there was an outlay of some \$1,350,000 for administrative and general expenses associated with head office operations; as well \$300,000 was paid to the local municipalities as grants in lieu of taxes. Other expenditures included some \$300,000 for advertising and public relations, \$1,500 for mortgage interest, and \$15,000 for bank charges and interest. When the total expenditure of \$8,114,000 is subtracted from the total income of \$12,150,000, the excess of income over expenditure (or profit) came to \$3,410,000 (including depreciation).

Ordinarily the excess of income over expenditure is required to be turned over to the Treasurer. However, the Commission has used this money to build equity, that is, it has invested this money in land and buildings. In addition, it has earmarked some \$7,000,000 to be used to develop a parking area and transit system to alleviate traffic problems in Queen Victoria Park. The total cost of this development is expected to be \$10 million and (as of 31 October 1983) over the last few years some \$3 million has been expended.

Recommendations

The Committee having toured the Niagara Parks Commission facilities and having heard the testimony of the Commission wishes to go on record as concluding that the Niagara Parks are very well managed and operated. The Commission has been noteworthy in keeping to its one hundred year old mandate of preserving the natural integrity of the Niagara Park system while at the same time maintaining its financial self-sufficiency. In the process of maintaining this mandate, the Commission has created a first-class tourist and recreation site that visitors from around the world, (as the citizens of Ontario and Canada) can enjoy as well. The Committee compliments the Commission on this achievement and encourages it to maintain its high standard of service to the public.

In the same vein, the Committee wishes to commend the Commission for its development and maintenance of the School of Horticulture. The School has an enviable reputation for producing graduates of the highest quality. The Committee believes that the School could serve as a model for horticulture related courses offered at Ontario's universities and community colleges. Moreover the Committee feels that given the School's success it would not be inappropriate for the Commission to consider expanding the School to include more students.

In view of the need for the Commission to continue its good work, it is essential that the Commission maintain its financial self-sufficiency. A review of the Commission's financial statements for 1982-83 reveals that its excess of income over expenditure came to \$3.4 million, money the Commission requires for its capital improvements, such as its 'people mover' system. Over the last several years, the Commission's excess income or 'profits' have roughly equalled the amount the Commission receives in water rentals from Ontario Hydro and the Canadian Niagara Power Company. The Commission is therefore dependent on these water rentals for financial self-sufficiency. The Committee understands that the Treasurer and Ontario Hydro are in the process of negotiating a new master contract that will set new rental rates. In the opinion of the Committee, the master agreement should contain provision for the water rentals going to the Niagara Parks Commission to be increased sufficiently to allow the Commission to continue to realize an end of year 'profit' which it could use for those capital projects that are

essential to maintain its legislative mandate. To ensure that this principle is maintained in the negotiations between the Treasurer and Ontario Hydro, the Committee believes that the Niagara Parks Commission be formally consulted as to what the financial impact will be of any proposed new water rental agreement.

Your Committee recommends that:

12. The Treasurer of Ontario in negotiating the master water rental agreement with Ontario Hydro ensure that the Niagara Parks Commission receives an adequate sum sufficient to maintain its financial self-sufficiency, and which can go toward supporting those projects that are essential.

On another matter, the Committee learned that where the Commission makes decisions with respect to its major capital projects, often those decisions will have a direct or indirect impact on the neighbouring private sector operators, such as amusement parks, hotels, etc. These businesses may feel their competitive position disadvantaged in some way by the decisions of the Commission.

At present, there is no formal mechanism of appeal that can be used by these operators to ensure that their interests are taken into account by the Commission. The Committee feels that such an appeal process should exist with respect to those decisions of the Commission that will have a major impact on the neighbouring private sector operators. While the Committee has no specific appeal process in mind, it does consider the Ontario Municipal Board as perhaps being the most appropriate body to hear such appeals.

Therefore your Committee recommends that:

13. The Ministry of Tourism and Recreation in co-operation with the Niagara Parks Commission consider the establishment of a review procedure where decisions of the Niagara Parks Commission have a major impact on private sector operators.

Finally, the Committee was made aware of the fact that the Niagara Parks Commission has its own police force to enforce the Parks' rules and regulations and the Highway Traffic Act. This force has a limited mandate, in that criminal matters, drug enforcement, customs and immigration and other more serious

problems are handled by the Niagara Regional Police, the Ontario Provincial Police, the RCMP and federal customs and immigration personnel. The Committee is concerned that with each force fulfilling separate duties and responsibilities the level of efficiency may be hampered if these various forces fail to co-ordinate their efforts. While the Committee has learned that there is some measure of co-operation between these forces, it believes that the issue of co-ordination should be the subject of a special review. The Committee believes that the Ontario Police Commission, which has a responsibility for inspecting local police forces, is the best body to carry out such a review.

Your Committee recommends that:

14. The Ontario Police Commission review the terms of reference of the Niagara Parks Commission police force as those terms of reference relate to the co-ordination of the police efforts in the Niagara border area by the Niagara Parks Commission police, the Niagara Regional police force, the O.P.P., the R.C.M.P. and the customs and immigration personnel.

ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

The Ontario Junior Farmer Establishment Loan Corporation was created by statute in 1952 with the object of making loans to assist young farmers in the establishment, development and operation of their farms.

The economic basis for this decision rested on the fact that after World War II there was a steady increase in the cost of purchasing and operating a farm, and this was particularly the case with respect to the purchase of farm machinery and land. For young people wishing to farm the initial costs could be prohibitive without some form of financial assistance.

The Corporation acted under its original legislation until 1959 when the Government decided that the Corporation should not accept any more applications. This decision was made as a result of the creation of the federal Farm Credit Corporation which had a similar mandate to the Ontario Junior Farmer Establishment Loan Corporation. It was felt that the Ontario corporation should not duplicate the efforts of the federal body.

In 1963, however, the original Ontario Act was amended, expanding the role of the Corporation to include not only individuals but also groups of individuals defined as a farm unit or family farm. The basis for this change was the fact that the Farm Credit Corporation did not provide loans where the junior farmer wished to farm the family farm. In 1969, the Farm Credit Corporation was given such a mandate, so that in every respect the mandates of the Ontario and federal corporations overlapped. Consequently, it was decided that the Junior Farmer Establishment Loan Corporation should cease giving out loans. Since then, the Corporation has continued to service loans only. The schedule of repayment of the Corporation's outstanding loans is expected to end in 1999.

The Act provides that the Corporation should consist of three members appointed by the Lieutenant Governor in Council for indefinite terms. The three members also constitute the Corporation's Board of Directors, with one member designated as Chairman and another as Vice-Chairman. The members are to be civil servants. Administrative support services are provided by the Ministry of Agriculture and Food.

The affairs of the Corporation are the responsibility of the Board of Directors, though the Lieutenant Governor in Council can make regulations with respect to the management and administration of the Corporation.

The Corporation, subject to approval of the Lieutenant Governor in Council, can borrow or raise by loan money by the issue and sale of debentures and other notes and by temporary loan from a chartered bank or from any person either by bank overdraft or loan. The Treasurer can be given the authority by the Lieutenant Governor in Council to guarantee the payment by the Province of any debentures or other notes issued by the Corporation or any temporary loan made to the Corporation.

In making loans the Corporation is limited by the Act to make such loans for the following purposes only:

- the acquisition of land for agricultural purposes;
- the erection and improvement of farm houses and farm buildings;
- to pay off charges existing against land at the time of the acquisition by the borrower under a will or by descent;
- to pay off encumbrances;
- to consolidate outstanding liabilities incurred for productive agricultural purposes;
- for the purpose of providing drainage;
- to purchase live stock; or
- for such purposes relating to the establishment, development and operation of the borrower's farm as the Corporation approves.

In deciding whether to give a loan to an applicant, the Corporation is required to ensure that the applicant is between eighteen and thirty-five years of age, that he or she has been a resident of Ontario for three years, that he or she has had a minimum of three years farming experience, that he or she has an industrious and good character and that he or she is actually farming, or intends to farm, on a full-time basis on the land for which the loan is approved. In addition, the applicant or borrower has to be a junior farmer or the spouse of a junior farmer or both, or a

partnership having as one of the partners a junior farmer, the owner of a family farm or a corporation operating an incorporated family farm where the junior farmer holds shares or other evidence of ownership of assets of the corporation.

Where the Corporation is satisfied that the provisions of the Act and regulations have been complied with, the loan that can be given can be to the extent of 80 % of the value of the security as indicated by the valuator's report. No loan can exceed \$40,000, and every loan has a fixed interest of five percent per annum.

Under the Act, the Corporation can finance its loans by three methods; first, by issuing debentures, then by acquiring loans from a bank including overdrafts and finally be receiving advances from the Treasurer. Over the course of its existence, the Corporation has had recourse to all three methods of financing its loans, though in the later years, it relied solely on advances from the Treasurer. Where the Corporation has received such advances, the Treasurer has fixed a rate of 6.7 % interest on these advances. This has created a continuing financial deficit for the Corporation inasmuch as the Corporation's revenue from loans, based on an interest of 5 %, is clearly not adequate to cover the Corporation's indebtedness to the Treasurer. Thus, in the year 1982-83, the net operating loss for the year was \$782,153. This amount minus any cash advance represents the Treasurer's contributions to the Corporation's balance sheet. The total amount due to the Treasurer is \$45,531,067, approximately the value of the mortgage loans held by the Corporation. It is expected that all repayments of loans will be terminated by 1999.

The Ontario Junior Farmers Establishment Loan Corporation is designated as an Operational agency within Schedule I by Management Board of Cabinet. As such it is required to have a Memorandum of Understanding with the Ministry of Agriculture and Food.

Although the enabling legislation creates the Corporation as a separate legal entity, administratively the Corporation is integrated with the Ministry. This is stipulated by the the Memorandum which requires the Ministry to provide the Corporation with administrative support services in accordance with the Manual of Administration and the Ministry has the final decision with respect to funding, organization and personnel matters. Moreover, the Memorandum requires the Corporation to make available to the Minister the minutes of Board meetings.

The Memorandum also stipulates that the financial records and the accounting systems of the Corporation are to be audited by the Provincial Auditor, and that these records are also subject to audit by the Internal Audit Staff of the Ministry.

Although the Corporation comes within the ministerial responsibility of the Minister of Agriculture and Food with respect to the Corporation's operations, the Act stipulates that the financial statements of the Corporation and its annual report are to be forwarded to the Treasurer who is made responsible for tabling them in the Legislature.

Finally, it should be pointed out that the Act gives the Lieutenant Governor in Council the power to make regulations with respect to the management, control and administration of the affairs of the Corporation.

From the above it will be seen that the Corporation has only a nominal separate legal existence. In fact, the Corporation is subject to strict control by the Ministry and the Lieutenant Governor in Council with respect to all aspects of its affairs.

Over the last several years, the Provincial Auditor's Office has highlighted a number of issues that have been of concern to it.

In 1981 the Provincial Auditor raised the following issues:

Mortgages in Arrears

In the past, acting under the provisions of the mortgage indentures, the Corporation would initiate sale proceedings on mortgages significantly in arrears. At the present time, the Corporation will attempt to collect overdue amounts through phone calls, letters and visits to the mortgagee but if these prove unsuccessful the Corporation no longer initiates sale proceedings to recover the outstanding mortgage balance.

We would recommend that the Board of Directors consider a return to the more stringent collection procedures used in the past. If the Board decides not to change the present policy we would strongly recommend that mortgages significantly in arrears be reserved for or written-off. The Board should ensure that any such write-offs are authorized by an Order in Council.

Assumption of Mortgages on Sale of Property

Section 19 of the Junior Farmer Establishment Act states, in part, that:

"It shall be a term of mortgage taken as security for a loan under this act that, at the option of the Corporation, the mortgage shall immediately become due and payable where,

(a) the land or any part thereof is sold or otherwise disposed of."

During the current fiscal year, the Corporation's Board of Directors approved twenty-five assumptions of mortgages on farm property sold with existing junior farmer loans. The total amount of mortgage loans assumed was approximately \$515,000 with the mortgages bearing interest at an average rate of 5 percent per annum.

It is our understanding that no new loan applications were accepted after 1969 as the programme was no longer considered necessary. Given this and the fact that the assumed mortgages bear interest at rates significantly below current mortgage rates we suggest that the Corporation reconsider their current policy with respect to section 19 of the Act.

Formal Documentation of Directives

Section 12(1) of The Junior Farmer Establishment Act states, in part, that a loan applicant must not be more than thirty-five years of age and have had a maximum of three years experience in farming.

We observed that these conditions were not met in several instances where the mortgage is being assumed by another party on sale of the property.

This practice is in apparent conflict with the legislation. We therefore recommend that a legal opinion be obtained if the Corporation intends to continue this practice.

When officials of the Ministry of Agriculture and Food appeared before the Standing Committee on Public Accounts their responses to these issues were noted by the Committee in its 1982 Annual Report. The Report stated:

Three major issues were raised in regard to the Corporation's administration of mortgages. In the past, the Corporation initiated sale proceedings on mortgages significantly in arrears in order to recover the outstanding mortgages balance. Currently, however, sale proceedings are no longer initiated as an ultimate collection procedure.

The Deputy Minister testified that it was a deliberate decision not to initiate sale proceedings to recover outstanding mortgage balances during the current adverse economic conditions. The proportion of mortgage arrears was stated to be small, numbering between 100 and 130 out of a total of 3,000 mortgages currently being administered, or about 4 percent of the value of outstanding mortgages. This amounts to approximately \$300,000 out of a total of \$50 million. According to Ministry officials this policy will be reassessed when economic conditions improve or when a new program for young farmer assistance is introduced.

The Auditor also noted that Section 19 of The Junior Farmer Establishment Act stipulates that a mortgage taken as security for a loan shall, at the option of the Corporation, immediately become due and payable when the land or any part thereof is sold or otherwise disposed of. Twenty-five assumptions of mortgages on farm property sold with existing junior farmer loans were approved during the 1980-81 fiscal year. The Auditor suggested this current policy be reconsidered, since new loan applications have not been accepted for a number of years and the assumed mortgages bear interest at an average rate of only 5 percent.

The Committee was also concerned about the fact that some mortgages had been assumed on the sale of the properties by parties who did not qualify as loan applicants under the terms of the enabling legislation. Section 12(1) of the Act stipulates that a loan applicant must not be older than 35 years of age and must have had a minimum of three years of farming experience. In some instances, these conditions were not met when the mortgage was assumed by another party. The Auditor suggested a legal opinion on this practice should be obtained.

Witnesses explained the rationale for allowing the 5 percent mortgage to be passed on to the buyer upon the sale of the property. It was argued that forcing farmers to pay off the mortgage at the transaction date effectively discounts the sale price of the property and reduces the attractiveness of the property to potential buyers. This places the seller in a disadvantageous position.

In 1982 the Provincial Auditor indicated the following concerns:

Board of the Corporation

Section 2 of the Act states that the Board of Directors of the Corporation shall be composed of three members appointed by the Lieutenant Governor in Council who shall also designate the Chairman and Vice-Chairman. Since November 1981 the Board has consisted of only two members, neither of whom has been officially designated as Chairman or Vice-Chairman.

We would also draw the attention of the Board to section 25-6-5 of the Ontario Manual of Administration which states that the length of appointment to an agency or Board shall be for no more than a three-year term with a limit of two consecutive terms, unless Cabinet approval is obtained. We note that the two current members of the Board were appointed on September 14, 1977 and May 30, 1979 respectively.

We recommend that the Board be brought up to full strength and that the positions of Chairman and Vice-Chairman be officially designated. In addition, the terms of appointment should be in accordance with the Ontario Manual of Administration.

Confirmation Service Charge

A considerable portion of staff time is currently taken up in replying to requests received from lawyers, banks and other financial institutions for written confirmation of mortgagors' outstanding balances. We understand that at least 1,000 requests are received each year. In the private sector, banks and other financial institutions normally charge a service fee for such confirmations.

We recommend that the Corporation consider implementing a similar charge for this service.

And in 1983, the Auditor's concerns were:

Minutes of Board Meetings

Minutes of Board meetings were not maintained during the period May 1, 1982 to December 31, 1982 for Board meetings occurring during this time interval. The Memorandum of Understanding between the Corporation and the Minister of Agriculture and Food requires minutes of Board meetings be available to the Minister on his request. We recommend that Minutes be maintained as a record of all discussions and decisions.

Repayments of Mortgage Loans

The farmers generally make their annual mortgage payments once per year. They have the option of making this payment early or making a lump-sum payment at any time to pay down their particular mortgage. Such payments received during the year are applied first to any arrears balance outstanding from the prior year with the remainder reducing the principle balance outstanding.

When the regular annual mortgage payments falls due, the interest portion of the payment is calculated based on the principal balance outstanding at the billing date. Accordingly, interest is not charged on the amount of principal paid down from the start of the year to the date when the paydown occurred. Consequently, there is lost revenue to the Corporation.

We acknowledge that the number of instances that such prepayments occur may not warrant revising the computer software and we are aware that the Corporation does, on occasion, make the necessary adjustments manually. On the other hand, we did note a few instances where the necessary adjustment was not made and recommend that the monitoring and subsequent computation of the applicable interest be more tightly controlled.

Assumption Mortgage Fees

On October 27, 1981 the Board of Directors approved a legal charge of \$35 for the assumption of a mortgage. During our review we noted that legal fees were not charged nor collected for 11 assumption mortgages out of 33 which took place from January 1, 1982 to March 31, 1983. We recommend that the Corporation exercise better control over the charging and collection of legal fees on assumptions of mortgages.

As was stated by the then Minister of Agriculture in 1969, the mandate of the Corporation overlaps with that of the federal Farm Credit Corporation. If this is the case, the question arises as to why the Corporation has continued to exist. The answer can be found in the fact that the contracts between the Corporation and the borrowers of loans are still outstanding and therefore there is a continuing need to service those contracts. One could argue that this servicing could be performed by the Ministry itself. This in fact has been the case from the start. We have seen that administratively the Corporation has always been part of the Ministry. What then is the need for a separate corporate entity? The answer is that the Corporation as a separate legal entity should exist since the contracts were signed with the Corporation. To eliminate the Corporation would create legal confusion as to which government entity would hold the outstanding contracts. It is simpler to continue the formal legal existence of the Corporation than to transfer those rights and obligations to some other government entity.

Recommendations

The Committee heard evidence that the Ontario Junior Farmer Establishment Loan Corporation no longer has authority to issue new loans and that it now only administers the existing outstanding loans which number about three and one half thousand. In addition to the members of the Board of Directors, the Corporation requires only a small staff to administer those loans. In reviewing the Corporation's status with respect to its mandate and organization, the Committee concluded that, in light of its present limited responsibilities, the Corporation is clearly ready to be 'sunsetting'. However, the Committee recognized some of the practical difficulties that may be involved in disbanding the Corporation and transferring legal title to

the mortgage contracts to some other government body. Recognizing these difficulties, but weighing them against the possible savings that could be incurred if the Corporation were 'sunsetted', the Committee is of the opinion that the Provincial Auditor should conduct a 'value for money' audit to determine what the relative financial merits are in maintaining the Corporation as it presently exists or in terminating the Corporation and transferring the administration of the outstanding loans to some other government body.

Your Committee recommends that:

15. The Provincial Auditor undertake a 'value for money' audit with respect to the Ontario Junior Farmer Establishment Loan Corporation to determine whether the Corporation's administrative responsibilities in servicing existing mortgages could be transferred economically to some other government body.

The Committee was made aware that the Corporation had adopted a lenient policy toward those whose mortgages are in arrears. The Committee agrees with the Provincial Auditor's Report of 1981 where he recommended that the Board of Directors of the Corporation 'return to the more stringent collection procedures used in the past'.

CHILDREN'S SERVICES REVIEW BOARD

In 1978, the Children's Boarding Homes Act was amended and renamed the Children's Residential Services Act. These changes were part of a comprehensive set of amendments and changes with respect to all the various pieces of legislation affecting children's services in Ontario. These changes came as a result of a province-wide consultative process, the aim of which was, as the then Minister of Community and Social Services stated, "to develop an integrated and co-ordinated approach to the delivery of services to children and families." The Minister indicated that the amendments and changes introduced in 1978 would be part of a continuing process of change that would culminate in all children's services being consolidated in one Act.

In June, 1984, Bill 77 (the Child and Family Services Act), was introduced in the Legislature. A review of Part IX of the Bill, dealing with licensing, reveals that there has been no substantive change in the provisions governing the Children's Services Review Board.

Bill 77 contemplates the consolidation under one Act of the responsibilities of the Board under the Children's Residential Services Act and the Child Welfare Act. The responsibilities of the Board under the Day Nurseries Act will, however, continue under that Act.

This section of the report will review the Board under the existing legislation.

As provided by the Children's Residential Services Act, the Board is made up of members appointed by the Lieutenant Governor in Council. The number of members is determined by regulation, at present, there are eleven members. The members are appointed for three year terms. One member is appointed Chairman and other members may be appointed Vice-Chairmen. The Chairman receives a per diem of \$135, while the Vice-Chairmen receive \$130, and other members \$105. The Chairman is responsible for assigning the members to hearings. Three members constitute a quorum.

This Act requires that all persons who wish to operate and maintain a children's residence, or provide residential care for three or more children not of common parentage, must have a licence, issued by the Director established under the Act. A person applying for a licence is entitled to a licence subject to any conditions imposed by the Director if that person complies with the Act and regulations and pays the prescribed fee. Only partnerships or associations of persons are not entitled to have a licence. Moreover, if a licence has been issued that licence can be renewed by the Director, subject to any conditions he attaches to the licence. There is also provision for the issuance of a provisional licence.

However, the Act also provides that it is within the discretion of the Director not to issue a licence. In making this determination, the Director is required to take into account the following matters: the competency of the applicant to hold a licence; the past conduct of the applicant where that conduct would mean that the caring for children would be done in an irresponsible manner; and whether the premises where the children would be cared for meet the requirements of the Act or regulations.

The Director also has discretion to refuse to renew a licence or to revoke a licence. In deciding in this matter, the Director is required to take into account the fact that the Act and regulations have been contravened by the licensee or an employer of the licensee, or where some other Act or regulation that touches on the activity for which a licence is required, or where the conditions of the licence, have been contravened. Moreover, the Director has to take into account if the premises do not conform with the provisions of the Act or regulations, if the manner in which care is provided for children would be prejudicial to their health, safety or welfare, if the applicant had made a false statement in the application or other required document, or if there had been a change in the conditions of the personnel that if the applicant were applying for the first time he or she would have been refused a licence under the provisions that apply to first time applications.

Under these circumstances, the Director is required to serve notice of his decision not to issue a licence or to refuse to renew a licence or revoke a licence, along with his reasons to the applicant or licensee. The latter is entitled to a hearing by the Board and this fact is included in the notice. The applicant or licensee has fifteen days to decide whether to go to the Board or not. This notice must be sent to both

the Director and the Board. If the person affected does not wish a hearing then the Director can carry out his decision without a hearing. However, where the person affected does wish a hearing, the Board is required to appoint a time and hold a hearing.

The Board has the power to direct the Director to carry out his decision (that is, not to issue, or renew or revoke a licence), or to ask that the Director not proceed with his decision, or to take such action that it considers to be in accordance with the Act and regulations.

The licensee can also ask for a hearing where he or she is dissatisfied with the terms and conditions prescribed by the Director that are attached to the licence. Under these circumstances, the Board, after it has heard the case, can affirm those conditions or may cancel those conditions, or may prescribe other conditions in lieu of those prescribed by the Director.

The Board is given the discretion to extend the time for requiring a hearing if there are reasonable grounds for so doing. If a licence expires after a person has sought a renewal that licence can continue until the renewal is granted or until the Board has made its decision.

Finally, the Director can provisionally suspend a licence where in the opinion of the Director there is an immediate threat to the health, safety and welfare of the children cared for. Under these circumstances the same procedure applies with respect to a hearing as if this was a proposal to revoke a licence.

The Director, the applicant or licensee or any other person specified by the Board are parties to a proceeding before the Board.

The Act stipulates that no member of the Board who is about to participate at a hearing can have participated in any investigation of the case before the hearing has been held, and cannot communicate with anyone on the subject-matter of the case unless notice is given and all parties can participate in the discussion. This prohibition does not prevent the Board from seeking legal advice, but such legal advice must be made known to the parties to the proceeding.

An applicant or licensee is entitled to examine before the hearing any written or documentary evidence that will be produced or any report which will be given in evidence. No member of the Board can participate in a decision unless he was present throughout the hearing and heard the evidence and argument of the parties. Except with the consent of the parties, the decision of the Board can only be made by those members who were present at the hearing.

The Board is required to reach a final decision or order and must send a notice of that decision or order within ninety days of the Board receiving the initial request for a hearing.

The Board's decision or order can be appealed to the Divisional Court which can affirm or rescind the Board's decision or can substitute its opinion for that of the Board.

Part III of the Child Welfare Act requires an adoption agency to have a licence, issued by the Director delegated this task under the Act. Ordinarily if such an agency complies with the provisions of the Act the agency is entitled to a licence. However, the Director can refuse to issue a licence on grounds detailed in the Act and can also attach conditions to that licence. In addition, the Director can refuse to renew a licence or may revoke a licence on grounds detailed in the Act.

Under these various circumstances, the applicant or licensee is provided the opportunity to ask that the Director's decision be reviewed by the Board.

The practices and procedures of the Board under this Act are the same as those under the Children's Residential Services Act.

The Board has, however, an additional responsibility under Part III of the Child Welfare Act. Where the Director refuses to allow the placement of a child the licensee and the person proposing to adopt the child are entitled to a hearing by the Board.

Under the Day Nurseries Act, anyone wishing to establish a day nursery or a private-home day care agency is required to have a licence. Again as with the two previously discussed Acts, the Director can attach conditions to a licence, refuse to issue a licence, refuse to renew a licence or may revoke a licence. Under these circumstances, the applicant or licensee is entitled to a hearing by the Board and the Board's practices and procedures are as set out in the Children's Residential Services Act.

Excluding the member's per diems, the Board's expenses for 1983-84 came to \$1,161.90, such expenses being split roughly between the service and transportation categories. These and other administrative costs are the responsibility of the Ministry of Community and Social Services. All administrative staff are provided by the Ministry and thus all such administrative expenditures appear in the Ministry's estimates and in the Public Accounts.

The Board is classified as a Regulatory agency within Schedule I by Management Board of Cabinet, and as such it is required to have a Memorandum of Understanding with the Ministry. The Board's Memorandum outlines its administrative relationships with the Ministry. As an administrative tribunal it acts independently of the Ministry with respect to the hearing and review process. However, administratively it is closely tied to the Ministry in that the latter provides all administrative support for the Board. The operations of the Board itself are not subject to the Manual of Administration. The Board, however, is subject to audit by the Provincial Auditor and the Ministry's internal audit.

Recommendations

In reviewing the Children's Services Review Board, the Committee raised the issue of accountability as it pertains to those civil servants who by legislation or statutory instrument have been given discretion to exercise delegated authority. The Committee is of the opinion that in principle such discretion should be subject to review or appeal in order to ensure that those exercising such discretionary power keep within the intent of the legislation or regulations. With this principle in mind, the Committee makes the following recommendations.

The three Acts under which the Board operates contain regulations prescribing the standards and procedures which have to be met or observed in order that those seeking to operate a children's residence or group home or adoption agency can obtain a licence. While some standards and tests to ensure compliance with the regulations are mandatory others are left to the discretion of the Ministry of Community and Social Services to interpret. The Committee believes that where such discretion is permitted, those persons affected by the exercise of discretionary authority should have a right to have the interpretation of that discretionary power reviewed by an independent body, in this case, the Children's Services Review Board.

Your Committee recommends that:

16. The Children's Services Review Board be given power to review the Ministry of Community and Social Services officials' discretionary interpretations of the Children's Residential Service Act, the Child Welfare Act, the Day Nurseries Act and the regulations under these Acts.

The Committee understands that those operating children's residential services are eligible for provincial funding under the Children's Institutions Act; however, the Committee also understands that the amount of funding is the result of a negotiated agreement between the operator and the Ministry of Community and Social Services. In other words, there is no set rate established in the Act or regulations. Under these conditions, the Committee feels that some inequities may result with some operators receiving less funding than they deserve. To ensure equitable treatment the Committee believes that operators of children's residences under the Children's Residential Services Act should be able to appeal their funding rates to the Children's Services Review Board. However, in order that the operators may be in a position to make such an appeal, the government funding that each operator receives should be made public.

Your Committee recommends therefore that:

17. The Children's Services Review Board should be invested with the power to hear appeals with respect to government funding of children's residences under the Children's Residential Services Act and that the Ministry of Community and Social Services make public the amount of government funding received by such operator of a children's residence.

Following on the above recommendation, the Committee believes that a corollary recommendation should be implemented. To ensure that the Board has the best financial information on which to base its assessment of how well an operator of children's residence is being funded, the Committee believes that each operator should have his financial statements audited on a mandatory basis every year, and such audits should be made public.

Your Committee recommends that:

18. All operators of children's residences under the Children's Residential Services Act should have their financial statements audited every year and such audits made public.

With respect to the adoption provisions in the Child Welfare Act, the Committee understands that parents can only appeal to the Board where the Director under the Child Welfare Act rejects a recommendation of the adoption agency to place the child with those parents. The parents, however, have no right of appeal where the adoption agency turns down their application for adoption in the first instance. The Committee understands that these procedures have been adopted to protect the child in the case. While the Committee concurs with the principle of protecting the child, it nevertheless believes that the prospective parents should have the right to appeal a decision of the adoption agency to turn down their application. Again, the Committee returns to the use of discretionary power and how it is exercised by the adoption agency. At the same time, the Committee feels that the interests of the child should be protected at all times, and is therefore of the opinion that where such an appeal is initiated by the prospective parents against the decision of the adoption agency, when the matter is taken to the Board for review, the Official Guardian should be permitted standing before the Board.

Your Committee recommends that:

19. The Children's Services Review Board should be permitted to hear appeals from prospective parents who have been turned down in the first instance by the adoption agency, and that where the matter goes to the Board, the Official Guardian be given right to be heard.

NIAGARA FALLS BRIDGE COMMISSION

In January, 1938, the Falls View Bridge owned by the International Railway Company of Buffalo collapsed as a result of heavy ice. The International Railway Company, however, continued to hold the right to rebuild its bridge on its original site. In February, 1938, the Province of Ontario, through the Minister of Highways, Mr. T. B. McQuesten, considered the building of a publicly owned, toll free bridge on the same site, but was advised by Ottawa that neither the Province nor any of its agencies, such as the Niagara Parks Commission, could enter into an agreement with the State of New York or any of its agencies to build the bridge directly. The argument used by Ottawa was that the Crown in right of Canada could not grant legal authority for the construction of the bridge to the Crown in right of Ontario. In other words, a private company must be created and chartered. The charter for such a private company must be in the form of private legislation and it was the responsibility of the Canadian Parliament to grant this charter given that the proposed bridge would cross the International Boundary. To deal with this situation, Mr. McQuesten gained the cooperation of private individuals who would petition Ottawa to pass a private act incorporating the Niagara Falls Observation Bridge Company. It was publicly understood that this private company, which would be the legal entity on the Canadian side authorized to build the bridge, would act in trust for the Province, and once the bridge was paid for, ownership would be transferred to the Province.

At the same time that the private bill (Bill 15) was introduced in Parliament, Mr. McQuesten was seeking to have a similar piece of legislation passed by the State of New York, creating an equivalent authority on the American side to build the bridge. However, the State Legislature failed to pass such legislation.

Meanwhile, in April, 1938, the Ontario Legislature passed the Bridges Act which required all bridges to be built in Ontario to be approved by the Lieutenant Governor in Council. This Act was passed in order to prevent the International Railway Company from exercising its legal right to rebuild its collapsed bridge.

During March, April and May of 1938 the House of Commons deliberated on Bill 15. While there were numerous objections to the Bill, the House did pass the Bill and

sent it off to the Senate in June. However, at this time the Bill was withdrawn by the Ontario Government, principally because the Premier felt that it would not pass the Senate without some compensation scheme being provided for the International Railway Company. The Premier does not appear to have notified the American authorities in New York State of this change of plan on the part of the Ontario Government until the final days of June. Meanwhile those in New York State who wanted the bridge built, but saw no way that this could be accomplished through the State Legislature arranged to have the U.S. Congress pass a Joint Resolution on 16 June 1938 creating the Niagara Falls Bridge Commission. The supporting documents attached to the Joint Resolution indicated that the American Congress was told by the Premier of Ontario that Bill 15 was pending before Parliament.

With the passage of the Joint Resolution by Congress, Mr. McQuesten does not appear to have been concerned about reviving Bill 15 or seeking any other authority from the federal Parliament. Relying on the Joint Resolution he sought and obtained four Orders-in-Council appointing himself and three other Canadian Commissioners to the Niagara Falls Bridge Commission. The Ontario Government has appointed four Commissioners ever since.

One observation should be noted at this point. In 1938, two other bridges were constructed, one at Sarnia and the other on the St. Lawrence at Ivy Lea. The construction of both these bridges required American legislation and Canadian federal legislation. The Acts of the two jurisdictions created American and Canadian corporate entities which would be responsible for constructing the bridge on each side. The legislation allowed these companies to unite to form one company to construct the particular bridge. The intent of Bill 15 had been to create such a corporate entity on the Canadian side with respect to the construction of the Rainbow Bridge. As we have seen, Bill 15 was withdrawn and no other corporate entity was created by the federal Parliament or the Ontario Legislature to be responsible for the Canadian portion of the Rainbow Bridge.

It should perhaps be also noted that the list of agencies prepared by the Premier's Office cites the Rainbow Bridge Act, 1941, as the apparent authority for the appointment of the four Canadian members of the Niagara Falls Bridge Commission. The relevant section of this Act, however, makes reference to the U.S. Congress Joint Resolution, rather than any Canadian legislation.

The Niagara Falls Bridge Commission was created in 1938 by a Joint Resolution of the American Congress. The Commission was given authority to construct a bridge near the American Falls adjacent to the site on which the International Railway Company of Buffalo had a bridge, but which had fallen down in January of 1938.

Public authorities, both in Ontario and in the U.S., did not wish to have another privately owned international bridge constructed across the Niagara River, since such bridges usually were operated on a profit-making basis. Consequently, the Commission was given the mandate to construct the bridge, but once the bridge was paid off it would become the property of Ontario and the State of New York respectively.

In the 1950s, the Commission purchased the Whirlpool Rapids Bridge and the Lewiston Bridge. Consequently, the Commission's debt load increased. The revised schedule of debt repayment now shows that all debts of the Commission will be repaid by the year 2000. The debt of the Commission results from having issued bonds to cover the costs of constructing the Rainbow Bridge and the cost of buying the two other bridges.

The Commission was created by Congress as a public instrumentality to own and operate three international bridges across the Niagara River. The Commission has no stockholders or equity holders. The affairs of the Commission are placed in the hands of eight Commissioners, four American and four Canadian. The four Canadian representatives are appointed by the Lieutenant Governor in Council for indefinite periods. The Commissioners receive no remuneration for their services. The Chairmanship by practice rotates between Canadian and American representatives.

The Commissioners provide direction to the staff of the Commission with respect to the financial, administrative and operational affairs of the Commission. The senior staff of the Commission includes a General Manager and Secretary-Treasurer, Chief Accountant, Personnel Manager, Chief of Maintenance, and a Canadian Terminal Supervisor and U.S. Terminal Supervisor.

The Commission's principal source of revenue is the tolls it charges for crossing the various bridges. Out of that revenue, which amounted to nearly \$5 million in 1983,

the Commission paid its maintenance and operating costs, and redeemed its yearly bond obligations which in the year 1983 amounted to \$523,000. When the outstanding bond issues are retired in the year 2000 the ownership of the various bridges will then be transferred to the Province of Ontario and the State of New York, respectively.

The Province of Ontario does not have any financial interest in or obligation toward the Commission. The Commission is entirely self-financing with respect to its revenues and expenditures.

The Commission being a public corporation established by the U.S. Congress does not come within the legislative competence of the Province of Ontario. It does require, however, a licence to operate in Ontario as stipulated by the Corporations Act, and such a licence has been issued by the Lieutenant Governor in Council.

Recommendations

As has been already indicated, and as was confirmed by the representatives of the Niagara Falls Bridge Commission when they appeared before the Committee, the legal status of the Commission is in some doubt. The only legislation covering the three international bridges on the Niagara River is the Joint Resolution of the United States Congress. There is no comparable legislation on the Canadian side that would constitute the Canadian legal authority to operate the three bridges. Where other international bridges have been constructed and maintained the usual procedure has been the creation of a legal entity by an Act of Parliament to represent Canadian interests. Such an entity is given the power to join with its American counterpart to construct and maintain such a bridge. In view of the fact that in the case of the Niagara Falls Bridge Commission there is no corresponding Canadian legislation, the Committee is of the opinion that this anomaly should be clarified to ensure that the status of the Niagara Falls Bridge Commission conforms to Canadian law. Since the Ministry of Transportation and Communications is the responsible ministry in such matters, the Committee believes that it should be given the task of resolving the issue of the legal status of the Niagara Falls Bridge Commission in Canada.

Your Committee therefore recommends that:

20. The Ministry of Transportation and Communications take responsibility to initiate a review of the legal status of the Niagara Falls Bridge Commission and that it seek the advice and co-operation of the federal Department of Transport.

III RESPONSES TO THE 8TH REPORT

It has been the practice of the Committee to follow up its recommendations by asking those responsible for the particular agency reviewed by the Committee to respond to its recommendations. In its 8th Report, the Committee reviewed the following agencies:

Alcoholism and Drug Addiction Research Foundation
 Board of Funeral Services
 Board of Visitors of Homewood Sanitarium, Guelph
 Crop Insurance Commission of Ontario
 Game and Fish Hearing Board
 IDEA Corporation
 Nursing Homes Review Board
 Ontario Board of Parole
 Social Assistance Review Board.

To date, the Committee has received responses with respect to the Crop Insurance Commission of Ontario, Game and Fish Hearing Board, IDEA Corporation, Board of Visitors of Homewood Sanitarium, Guelph, Nursing Homes Review Board, Alcoholism and Drug Addiction Research Foundation, the Board of Funeral Services, and the Ontario Board of Parole.

With respect to the Crop Insurance Commission of Ontario, the response of the Minister of Agriculture and Food to the Committee's recommendations was as follows:

Recommendation

The Crop Insurance Commission should actively pursue all options that will stabilize its financial situation.

The Minister, in a letter dated July 12, 1984, stated that:

The Ontario Government is pursuing a variety of options which would improve the stability of the Crop Insurance fund. Premium adjustments, reinsurance, forgiveness of interest and ad hoc grants are indicative of these options presently being pursued.

Recommendation

The Crop Insurance Commission seek to consolidate and streamline the regulations governing the individual crop insurance plans.

In response to this recommendation, the Minister indicated that "The Commission has an objective of simplifying the regulatory process and welcomes your [the Committee's] support".

Recommendation

The Crop Insurance Commission undertake to establish an insurance scheme whereby those farmers who have crops planted over several parcels of land can buy separate coverage for each parcel.

The Minister responded by stating that:

This recommendation is contrary to the intent behind Federal and Provincial crop insurance legislation. In Ontario, a production guarantee is provided on the entire acreage of a crop grown by a farmer. It would be difficult to have confidence in yields that are provided from separate fields. Yields are basic to both claims and coverage in the Ontario Plan. The Commission has advised me that at least for field crops, there is no significant difference in the loss experiences between very large farms and average-sized farms.

Recommendation

The Crop Insurance Commission investigate the possibility of providing insurance against crop damage caused by wildlife.

In response to this recommendation, the Minister stated that:

This peril is included in some plans where wildlife is a problem and it has also been negotiated with farm groups. . . .

The Commission has adopted the position that farm commodity groups should be provided with an opportunity to negotiate perils such as wildlife since its inclusion has a bearing on premiums and it is the farmers who must pay such premiums and be satisfied with the value of the plans.

With respect to the Game and Fish Hearing Board, the Minister of Natural Resources responded to the Committee's recommendations in a letter received July 19, 1984.

Recommendation

The Game and Fish Hearing Board be given the power to make a final decision, subject to an appeal to the Minister of Natural Resources.

The Minister responded by stating that:

I am unable to concur with the recommendation that "The Game and Fish Hearing Board be given the power to make a final decision, subject to an appeal to the Minister of Natural Resources".

I, as the Minister of Natural Resources, control and direct the administration of The Game and Fish Act, as per Section 4. While I have delegated some responsibilities regarding the issuance of licences, it is nonetheless I, as Minister, who issues a licence and only I who may cancel a licence. The Game and Fish Hearing Board cannot issue a licence, and thus if it is the Board's opinion that a licence should be issued, it must recommend same to me in order that I may issue the licence.

With respect to "an appeal to the Minister of Natural Resources", all persons have recourse to appeal directly to me and many do so, notwithstanding the provisions of The Game and Fish Act, which also allows recourse to the Board.

The Minister of Industry and Trade made the following responses to the Committee's recommendations with respect to the IDEA Corporation in a letter dated, September 26, 1984.

Recommendation

The IDEA Corporation's individual contracts be reviewed by the Minister of Industry and Trade as a matter of policy. This requirement should be part of the Corporation's Memorandum of Understanding with the Minister of Industry and Trade.

The Minister replied by stating that:

I fully agree with the need for effective accountability between Crown agencies and the Government, Legislature and the public. I cannot agree, however, with the Committee's recommendation that IDEA Corporation's individual contracts be reviewed by myself.

In my view, it would be inappropriate for me to intervene in the details of the Corporation's individual investment decisions, given the Corporation's status as a commercially-oriented Schedule II Crown agency. It is the role of the Corporation's Board of Directors to supervise the management of the affairs of the Corporation and to ensure that the investment of public funds brings significant benefit to the Provincial economy.

Recommendation

The Minister of Industry and Trade table in the Legislature the IDEA Corporation's three year review of its mandate.

In response, the Minister stated:

Section 16(3) of An Act to Establish a Corporation to Promote Innovation Development for Employment Advancement states that "At least in every third annual report the Corporation shall report to the Minister on whether or not the mandate of the Corporation has been completed and whether or not the Corporation should continue in existence." This statutory requirement will be fulfilled by IDEA Corporation in this year's annual report. In this way, the Corporation's board and management will evaluate its past and projected performance against its legislated mandate and objectives. In the fall session of the Legislature, I will table the annual report which will incorporate the three year review.

Recommendation

The Ministry of Industry and Trade undertake a study of the role and functions of the IDEA Corporation, the Technology Centres, the Ontario Research Foundation, the Development Corporations and the Ontario Energy Corporation. Such a study would have as its objective the elimination of overlapping functions, and the increased coordination of remaining functions.

The Minister replied to this recommendation by stating that he did not believe "the mandates, objectives and functions of the various agencies referred to above. . . overlap significantly". Moreover, the Minister stated that:

I do not believe that a comprehensive evaluation by the Ministry of Industry and Trade of these agencies would be an efficient or effective undertaking at this time. This is not to preclude the value of a review in the future, once the new agencies in particular have further evolved.

Recommendation

The IDEA Corporation include in its annual report not only a description of its investments, but also some indication of how many potential job opportunities those investments will realize.

In response the Minister stated:

One of the objectives of IDEA Corporation is "to enhance the growth and employment prospects of the Ontario economy, both on a province-wide and a regional basis." While IDEA Corporation considers that the creation of employment opportunities will be a major outgrowth of its investments and while the Corporation seeks out innovations with significant employment results. Consequently, it would be unrealistic for the Corporation to be required to assess the employment spinoffs from its investments at this time.

The first part of the recommendation, suggesting that a description of IDEA's investments be included in its annual report, is fully acceptable in my opinion; in fact, the Corporation has already adopted this practice.

In a letter dated October 18, 1984, the Minister of Health responded to the Committee's recommendations with respect to the Board of Visitors of Homewood Sanitarium, Guelph, the Nursing Homes Review Board, the Alcoholism and Drug Addiction Research Foundation and the Board of Funeral Services.

With respect to the Board of Visitors of Homewood Sanitarium, Guelph, the Minister's response to the Committee's recommendation was as follows:

Recommendation

That the Ministry of Health consider amending the Private Sanitaria Act by striking out references to the Board of Visitors and transferring the responsibilities of the Board to the inspection panels created under the Public Institutions Inspection Act.

The Minister of Health responded by stating that:

The Committee recommendation that the Private Sanitaria Act be amended by striking out references to the Board of Visitors and transferring the responsibilities of the Board to the inspection panels created under the Public Institutions Inspection Act has considerable merit. Indeed, the Minister of Health has authority under Section 5 of the Mental Health Act to appoint persons for such purposes as well.

An amendment of this kind requires extensive consultation with the Board of Visitors of the Homewood Sanitarium. The Ministry intends to undertake consultations with the Board in order to review the implications involved and to determine an appropriate course of action.

With respect to the Nursing Homes Review Board, the Minister of Health made the following responses.

Recommendation

That the name of the Nursing Homes Review Board be changed to the Nursing Homes Licence Review Board.

In reply the Minister stated:

The Ministry of Health concurs that the recommended name change would more accurately reflect the role and activity of the Board. As the change would require an amendment to the Nursing Homes Act, consideration to implementing this recommendation will be given in the context of other possible amendments to the legislation.

Recommendation

That the Ministry of Health establish a formal complaints and mediation procedure with respect to the quality of care provided at nursing homes.

The Minister stated in reply that the Ministry of Health has taken numerous initiatives to upgrade the quality of care of patients in nursing homes. Thus, the Ministry makes public its annual re-licensing inspection reports, and has introduced new regulations requiring nursing homes to provide residents with the opportunity of forming a residents' council which would act as a collective voice in raising matters with the operator. In addition, the Minister has made "a proposal to establish an external appeal process to deal with complaints about nursing home care."

The proposed concept involves a process that would permit nursing home residents to bring their complaints to a panel of knowledgeable citizens appointed in each region of the province. This type of regional approach would help to ensure that panel members are informed about local health care services and facilities and that they have strong links with the community.

It is anticipated that these panels will require a mandate to mediate complaints that fall outside the scope of the Nursing Homes Regulations. Complaints that pertain to legislated regulations will continue to be handled directly by the Ministry. It will also be important for the residents' councils to continue to play a major role in resolving complaints in their homes.

The regional panels would not be considered the advocates on behalf of one side or the other. They would be impartial mediators and their role would be to bring nursing home operators and residents together in situations where any dispute might arise.

While their decisions would not be binding on the parties, the panels would be expected to report the outcome of all cases to the Ministry.

The Ministry believes these initiatives will strengthen the accountability of the homes to their residents and the public.

Recommendation

That the Ministry of Health consider whether the Nursing Homes Review Board could review the Ministry's requirement that a nursing home make structural changes to its premises.

The Minister replied as follows:

At present, the Nursing Homes Review Board may consider such matters as structural deficiencies in the context of revocation proceedings. However, it does not have the authority to consider the issue of whether or not structural requirements are reasonable in isolation from revocation proceedings.

On December 5, 1983, the Minister of Health indicated in the Legislature that the issue of environmental shortcomings in nursing homes would be addressed over the next two years. The Ministry is committed to bringing all nursing homes up to full standard and is now developing a compliance process that will achieve this objective.

The Minister of Health made the following responses to the Committee's recommendations with respect to the Alcoholism and Drug Addiction Research Foundation.

Recommendation

That the Ministry of Health and District Health Councils accept responsibility for ensuring the provision of alcohol and drug treatment services in local communities, and that the Foundation phase out its local or regional offices.

In reply the Minister stated:

Currently the Foundation has established 27 regional or local offices to work with DHCs, detoxification centres, recovery homes, hospitals and various social agencies to co-ordinate community services and provide advice to local communities. The Committee feels that the co-ordination role should rest with the Ministry of Health and the DHCs, while the Foundation's role is to provide advice. Therefore, the Committee is recommending that the Foundation's regional or local offices should be phased out.

In the fall of 1983, DHCs were asked by the Ministry to include alcohol and drug program proposals in the review and prioritization process of the Community Mental Health Services Program. This, in effect, provides the mechanism whereby DHCs can identify needed community-based addiction services

and advise the Minister of such needs. The DHCs already, therefore, have been given the mandate to include alcohol and drug program needs in their planning activities.

The Ministry will undertake an examination of the role and function of the Foundation's regional offices in consultation with the Foundation.

Recommendation

That the Ministry of Health, in conjunction with the Alcoholism and Drug Addiction Research Foundation, establish a comprehensive alcohol and drug addiction policy for Ontario.

The Minister replied by stating that:

The focus of responsibility for policy related to activities and programs in alcohol and drug abuse has been clearly identified within the Ministry under the Assistance Deputy Minister, Public and Mental Health. This will facilitate the development of a comprehensive policy. The Ministry supports and will be acting on the recommendation.

Recommendation

That the Ministry of Health and the Ministry of Education assume greater responsibility for the dissemination of information relating to alcoholism and drug abuse.

In reply the Minister stated:

The Ministry of Health already plays an active role in the dissemination of information related to alcoholism and drug abuse. As well, the Ministry of Health and the Ministry of Education have collaborated on the production of an alcohol education kit for use in grades 7 and 8. The Ministry of Health, with the cooperation of the Ministry of Education, has a travelling theatre show called Health Spell which is performed in schools. The purpose of the show is to provide students with information regarding smoking, alcohol and other lifestyle concerns.

The Ministry intends to continue to move in the direction proposed in the recommendation.

Recommendation

That the Alcoholism and Drug Addiction Research Foundation actively pursue funding for its research from the private sector.

The Minister responded as follows:

The Ministry agrees in principle that the private sector has a role to play in the support of research in the alcohol and drug addiction areas. There is, however, some concern that direct funding of research, especially by companies having a business interest in the area, may compromise the results of that research, either in fact or perceptually. This has occurred in other jurisdictions.

Therefore, the Ministry supports the recommendation that such private sector support be channelled through a charitable or public foundation like ADARF where the research decisions are made at arms length to those donors with vested interests.

With respect to the Board of Funeral Services, the Minister of Health made the following responses.

Recommendation

That the Board of Funeral Services undertake a study of what constitutes "excessive pricing" for funeral services.

Recommendation

That the regulations under the Funeral Services Act be amended to give authority to the Board of Funeral Services to require funeral directors to provide written itemized cost estimates of funerals.

In reply the Minister stated:

At a meeting with the Board of Funeral Services in August 1984, an agreement was reached with the Minister to establish an ad hoc committee to review various matters relating to regulations under the Funeral Services Act including excessive costs and price itemization. The Board and the Ministry will be represented on the committee and as well the Ontario Memorial Societies and the Ontario Funeral Services Association have agreed to participate. The committee will hold its initial meeting in September and will make recommendations by year end.

Recommendation

That the Ministry of Community and Social Services establish, with the cooperation of funeral directors a standard rate for funerals for those receiving social assistance.

Recommendation

That the Board of Funeral Services establish a policy of requiring funeral directors to make funerals available to the public at the same cost as funerals available to those receiving social assistance.

The Minister's response was as follows:

Since the two recommendations are interrelated, the Minister of Health has written to the Minister of Community and Social Services asking that officials of the two Ministries jointly review this situation.

Recommendation

That the Ministry of Health issue regulations under section 9(6) of the Public Health Act that would provide for the regulation and inspection of funerals other than those that are provided by funeral directors.

In response the Minister stated:

On July 1, 1984, the Health Protection and Promotion Act was passed and the Public Health Act was repealed. The Public Health Branch of the Ministry has reviewed the recommendation and staff do not foresee any public health considerations to burials by persons other than funeral directors that cannot be dealt with adequately under the communicable disease control and community health and sanitation provisions of the new Health Protection and Promotion Act.

The Minister of Correctional Services made the following responses to the Committee's recommendations with respect to the Ontario Board of Parole.

Recommendation

The Ontario Board of Parole be transferred from the jurisdiction of the Ministry of Correctional Services to that of the Ministry of the Attorney General and that it be constituted under its own legislation.

The Minister responded by stating that:

The Ministry does not believe that the board should be transferred from the jurisdiction of the Ministry of Correctional Services to that of the Ministry of the Attorney General. Such a transfer would pass responsibility for parole to the same agency that prosecutes, thus creating a potential conflict of interest situation.

The Ministry of Correctional Services is charged with administering sentences; the act of granting parole, although it is separate and apart, is one step in that total process, and therefore the role of the Ontario Board of Parole is inevitably linked to that of Correctional Services.

Separate legislation for the Ontario Board of Parole is not a new concept. In fact, the board did have its own legislation from 1927 to 1968. Following lengthy deliberations and careful consideration, that legislation, along with 17 other Acts, was consolidated into the Ministry of Correctional Services Act following the government's agreement to assume all costs of the administration of justice in the province. This move permitted the future development of an integrated correctional system throughout the province.

I must state most strongly that never, at any time, has there been any suggestion or implication of interference with board decision-making powers from any source within this ministry; nor will there be. The integrity of Parole Board decisions is a matter that lies solely within the board's purview.

The board, through its chairman, enjoys a 'separate and apart' level of responsibility for all parole-related decisions. By the very nature of the board's reporting relationship to a minister of the crown, however, it does not operate in isolation or complete freedom from ministry policies; the board receives ongoing assistance, support, and guidance in administrative, legal, and other area as it is required. Such interdependence in housekeeping matters is not seen as compromising the independence of the board in any sense whatsoever.

Recommendation

The Ontario Board of Parole be given the resources to computerize its files.

In answer, the Minister stated:

The Ministry fully agrees that a computerized file system would enhance the board's ability to access client files. The Ministry is currently working towards a centralized data base for use by all Ministry field offices and institutions.

This centralized data base will provide an ongoing record and the most current information available on every client on any given day.

The board will have full access to this computerized system, both input and output, at its head office and across the province.

Recommendation

The Ontario Board of Parole establish a formal program of training for new Board members.

The Minister responded by stating that:

The Ministry of Correctional Services recognizes the need for comprehensive training for both new and established board members. Board members bring with them a unique body of knowledge acquired through their individual work and life experiences. Specific skills and knowledge however, are required in order for board members to effectively carry out their legal mandate while adhering to established board policies and procedures.

To that end, and given the limited resources of the board with respect to staffing, an arrangement between the Staff Training and Development Branch and the Ontario Board of Parole was established. The Staff Training and Development Branch agreed to assist the board in: 1) identifying their training needs; 2) developing an orientation for new board members; 3) responding to identified needs by designing and conducting tailor-made courses and giving board members access to other courses provided by the branch.

In the past fiscal year 1983/84, the Board received 309 person-days of training from the Ministry. This includes the Orientation Training for new board members, a Time Management Seminar as well as participation in events

attended by other Ministry staff including a Management Performance Problems Seminar, and Level of Supervision Inventory Training seminars.

Recommendation

The Ontario Board of Parole establish a policy of including a Vice-chairman or the Chairman on each panel that hears a case.

In response, the Minister stated that:

The Ontario Board of Parole meets the requirements of the legislation governing the board by ensuring that all cases are heard by a quorum of three members. The board has an existing standard of a vice-chairman or full-time member to chair all institutional hearings and regional office meetings.

Because the staff requirements of the board are of ongoing concern to me, I requested, in October, 1983, a comprehensive summary of the current organizational and staffing structure of the board. The issue raised by the chairman in her response have been discussed with her at some great length in light of new appointments and changes in personnel; these discussions are continuing.

Recommendation

The Ministry of Correctional Services appoint additional qualified Vice-chairman to the Ontario Board of Parole.

The Minister stated in response that:

The Ontario Board of Parole currently has one vice-chairman heading each of five regional boards. In the main, the vice-chairman is present, forming a three-member quorum along with a full-time and a part-time member. This is in keeping with the standard set by the board.

Because of holidays, illnesses, intermittent increases in caseloads, etc., hearings are sometimes conducted by boards consisting of one full-time member and two part-time members. For the same reasons, there are also infrequent times when three part-time members form a quorum. This is totally in line with the governing legislation.

No compelling reasons or legal requirements have been identified which would necessitate any increase in the number of vice-chairmen.

Recommendation

In making appointments to the Ontario Board of Parole, consideration be given in appointing such persons as psychologists and psychiatrists, as well as those recommended by the John Howard Society and the Elizabeth Fry Society.

In response, the Minister stated that:

The Ministry considers that the existing concept of retaining part-time community members is a solid one and should be preserved; these members come from a variety of backgrounds, bringing individual knowledge, experience, and expertise to the job of board member.

The Deputy Minister of Community and Social Services, on behalf of the Minister, replied in a letter dated October 29, 1984 to the Committee's recommendations with respect to the Social Assistance Review Board and the Board of Financial Services where the Committee's recommendations impinge on this Ministry's responsibilities.

Recommendation

The Social Assistance Review Board improve its procedures and practices so that it can render its decisions and notify appellants within the prescribed forty days.

The Deputy Minister indicated there were good reasons why in a minority of cases the Board was not able to meet the prescribed time frame. The Deputy Minister went on to say that:

Given the time necessary to complete all but the most straitforward hearings, this Ministry feels that it is necessary to review the 40 day time limit set out in the Ministry of Community and Social Services Act. We are aware of a proposal by the Board to guarantee a notice of decision within thirty days of the hearing. This alternative will also be reviewed by the Ministry.

Recommendation

The Ministry of Community and Social Services in conjunction with the Social Assistance Review Board investigate the possibility of creating Regional Boards of Review or a system of Regional Adjudicators as a way to expedite the decisions of the Board.

In response, the Deputy Minister stated that:

In my view, this would be incongruous with one of the primary objectives of the Board, namely ensuring a consistent interpretation of the requisite legislation. At present, the members of the Board are able to develop a consistent interpretation of the law through their weekly review session, access to a common legal counsel, and discussions with the chairperson.

Furthermore, there is centralized administrative support system already in place to support board members through scheduling hearings, arranging for court reporters and interpreter services where needed, preparing, typing and transmitting notices of decisions and would certainly be far less cost efficient.

Recommendation

The Ministry of Community and Social Services devise one unified application form under the Family Benefits Act and the General Welfare Assistance Act.

The Deputy Minister stated in response that:

The Ministry currently has a common application form (Form 7) for both programs.

Recommendation

The Ministry of Community and Social Services seek to encourage social workers to assist potential applicants for government assistance in filing out application forms.

In response, the Deputy Minister stated that:

In regard to the application process, the Family Benefits act and General Welfare Assistance Act describe the general duties of the Director and welfare administrator, as well as prescribing the forms to be used. The Family Benefits Regulation, section 18, further states that the field worker must "counsel and assist any applicant or recipient assigned to him in any matter relating to a benefit." When applying for General Welfare Assistance it is understood that wherever there is a possibility of eligibility for Family Benefits, a

referral is made to the Province. This is usually done automatically since it is in the best interest of both applicant (through higher benefits) and the municipality (through reduced municipal expenditures).

It should also be noted that the Province, in co-operation with the municipalities, is testing the benefits of integrating the FBA and GWA administrative system for sole support parents in seven communities. These tests are an indication of the active efforts of the Ministry to eliminate unnecessary duplication in the delivery of social assistance programs.

Recommendation

The Ministry of Community and Social Services recognize the right of appellants before the Social Assistance Review Board to receive assistance, including legal advice, when presenting their case to the board. It would be the responsibility of the Ministry to provide such assistance.

The Deputy Minister responded by stating that:

One proposal to ensure greater access to legal counsel would see a duty counsel present before every hearing. While I see a number of benefits to the proposal, I feel there are a number of problems that would make the duty counsel project difficult to implement province wide. Intervention immediately prior to every hearing would lead to an increase in the number of adjournments. Last minute postponement of a hearing after the board members have arrived means rescheduling of hearing, increased travel time and expense, increased interim assistance, appeal delays. It is our opinion that the delays would not serve in the best interests of the appellant.

As an alternative to duty counsel, this Ministry is currently exploring an approach of notifying appellants of the availability of qualified legal advisors at the time the request for a hearing is received by the Social Assistance Review Board. Through contact with a Community Legal Clinic, many issues can be resolved locally, or the potential appellant could be informed his/her appeal has little merit. Early intervention by a legal advisor would expedite the appeal process, ensure that the appellant was aware of how the appeal process operates, as well as give him access to legal assistance at a hearing, if needed. The Ministry and board would encourage the legal advisor to be present at the hearing whenever it was felt by the appellant that legal representation was in his/her best interests.

Recommendation

The Social Assistance Review Board make it a matter of policy that all cases will be heard by a panel of at least two members.

In response, the Deputy Minister stated that:

I would point out that this is the general practice. Only in rare cases such as unavoidable absence by one member will the other member proceed on his or her own. The alternative would be to schedule three board members for all hearings. However, this would add significantly to Board costs with little apparent change in the decisions made.

The Deputy Minister also responded to a recommendation made by the Committee with respect to the Board of Funeral Services.

The Ministry of Community and Social Services establish with the cooperation of funeral directors a standard rate for funerals for those receiving social assistance.

The Deputy Minister responded by stating that:

In Ontario, the Province administers financial assistance to persons likely to be in long-term need (eg. the handicapped) under the Family Benefits Act. Municipalities administer assistance to persons likely to be in short-term or emergency need for a variety of reasons (eg. unemployment, lack of shelter, cost of funerals). The municipal role can be viewed as the final 'safety net' in the overall income security system. Accordingly, they have the responsibility for recognizing a broad range of extraordinary financial needs in order to prevent hardship of individuals in many different situations.

Consistent with the role of meeting short term needs, municipalities are responsible for paying for the cost of funerals and burials of indigent persons, using the provisions for Special Assistance or Supplementary Aid under the authority of the General Welfare Assistance Act.

Individual municipalities set rates paid for basic funerals in a manner which reorganizes both the cost of funerals in different parts of the Province, as well as local community norms and values. Consequently, there are numerous rates set throughout the province.

The present system operates effectively. In most instances, the funeral director, when discussing the financial arrangements with the bereaved family, will call the local municipality whenever there is a question of the family's ability to pay. This has tended to alleviate the need for the family to come to the municipality after the arrangements are made.

IV SUMMARY OF RECOMMENDATIONS

1. The Ontario Society for the Prevention of Cruelty to Animals Act be amended to give the Animal Care Review Board the power to extend at its discretion the period when an appellant must file his or her appeal before the Board, and that such discretion should not be unreasonably withheld.
2. The Animal Care Review Board transcribe its proceedings.
3. The Animal Care Review Board review its procedures to ensure that they are in conformity with the provisions of the Statutory Powers Procedures Act.
4. The Ontario International Corporation devise a method of calculating in a direct way the extent of its success in promoting employment in Ontario.
5. The Ontario International Corporation publish in its annual reports a complete list of those Ontario firms that it has aided in marketing their expertise abroad.
6. The Ontario International Corporation should make every effort to ensure that all Ontario consulting firms have the opportunity to bid on international capital projects.
7. The Ministry of Industry and Trade in co-operation with the Ontario International Corporation ascertain what mechanisms for co-ordinating federal and provincial trade policies could be implemented to strengthen the efforts of both levels of government.
8. The Ministry of Industry and Trade ensure the co-ordination of programs within its Ministry and between it and those agencies that provide assistance to the private sector.
9. The Ontario International Corporation, in conjunction with the Ministry of Industry and Trade, give serious consideration to expanding the mandate of the Corporation to include the marketing of manufactured goods abroad.
10. The Ontario International Corporation, with the approval of the Ministry of Industry and Trade, become the principal source of information for those Ontario companies seeking financial support for their export ventures.
11. The Standing Committee on Procedural Affairs undertake to review the Ontario International Corporation in 1988.
12. The Treasurer of Ontario in negotiating the master water rental agreement with Ontario Hydro ensure that the Niagara Parks Commission receives an adequate sum sufficient to maintain its financial self-sufficiency, and which can go toward supporting those projects that are essential.

13. The Ministry of Tourism and Recreation in co-operation with the Niagara Parks Commission consider the establishment of a review procedure where decisions of the Niagara Parks Commission have a major impact on private sector operators.
14. The Ontario Police Commission review the terms of reference of the Niagara Parks Commission police force as those terms of reference relate to the co-ordination of the police efforts in the Niagara border area by the Niagara Parks Commission police, the Niagara Regional police force, the O.P.P., the R.C.M.P. and the customs and immigration personnel.
15. The Provincial Auditor undertake a 'value for money' audit with respect to the Ontario Junior Farmer Establishment Loan Corporation to determine whether the Corporation's administrative responsibilities in servicing existing mortgages could be transferred economically to some other government body.
16. The Children's Services Review Board be given power to review the Ministry of Community and Social Services officials' discretionary interpretations of the Children's Residential Service Act, the Child Welfare Act, the Day Nurseries Act and the regulations under these Acts.
17. The Children's Services Review Board should be invested with the power to hear appeals with respect to government funding of children's residences under the Children's Residential Services Act and that the Ministry of Community and Social Services make public the amount of government funding received by such operator of a children's residence.
18. All operators of children's residences under the Children's Residential Services Act should have their financial statements audited every year and such audits made public.
19. The Children's Services Review Board should be permitted to hear appeals from prospective parents who have been turned down in the first instance by the adoption agency, and that where the matter goes to the Board, the Official Guardian be given right to be heard.
20. The Ministry of Transportation and Communications take responsibility to initiate a review of the legal status of the Niagara Falls Bridge Commission and that it seek the advice and co-operation of the federal Department of Transport.

APPENDIX A

TERMS OF REFERENCE

Journals, Friday, 24 April 1981, pp. 19-20

On motion by Mr. Wells, seconded by Mr. Gregory,

Ordered, That the following Standing Committees be established for this Session, with power to examine and inquire into all such matters as may be referred to them by the House, with power to send for persons, papers and things, as provided in section 35 of the Legislative Assembly Act:— ...Standing Committee on Procedural Affairs — 12 Members... (with 7 from the Government Party, 3 from the Official Opposition and 2 from the Third Party)... appointed for this Parliament to review and report to the House its observations and opinions on the operation of the Standing Orders of the House, and such additional matters as may be referred to it by the House or by Mr. Speaker from time to time, and that the Committee also have power to review the operation of all Agencies, Boards and Commissions to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations in which the Crown in right of Ontario is a majority Shareholder, such reviews to be made with a view to reducing possible redundancy and overlapping; and the Committee may not meet during Summer adjournments or during intervals between Sessions without authorization from the Assembly.

APPENDIX B

WITNESSES

Ontario International Corporation - THURSDAY, 6 SEPTEMBER, 1984

Mr. Jack Young
Chairman

Mr. Ken Littzen
President

Mr. Mitchell Bros
Solicitor
Ministry of Industry and Trade

Aminal Care Review Board - FRIDAY, 7 SEPTEMBER, 1984

Mr. Carl Haas
Member of the Board

Mr. J. J. Chalmers
Solicitor
Ministry of the Solicitor General

Mr. J. M. Ritchie
Solicitor
Ministry of the Solicitor General

Niagara Parks Commission - WEDNESDAY, 12 SEPTEMBER, 1984

Mr. James N. Allan
Chairman

Mr. Archie Katzman
Vice-Chairman

Mr. Don Wilson
General Manager

Mr. Jim Harris
Superintendent of Engineering

Mr. Robert Brooker
Controller

Ontario Junior Farmer Establishment Loan Corporation - THURSDAY,
18 SEPTEMBER, 1984

Mr. Roland Sewell
Chairman

Mr. Henry Ediger
Vice-Chairman

Mr. Douglas Jackson
Director

Mr. Norman MacLeod
General Manager

Nancy Bardecki
Farm Assistance Programs Branch

Niagara Falls Bridge Commission - WEDNESDAY, 19 SEPTEMBER, 1984

Mr. Gordon Carton, Q.C.
Chairman

Mr. James N. Allan
Commissioner

Mr. Bernie Haber
Consulting Engineer

Mr. George Orr
Counsel to the Commission

Children's Services Review Board - WEDNESDAY, 19 SEPTEMBER, 1984

Mr. Eric Ford
Chairman

Mr. Donald Bellamy
Vice-Chairman

Linda Gold
Administrative Assistant

APPENDIX C

AGENCIES, BOARDS AND COMMISSIONS REVIEWED TO DATE

| | |
|-------------|--|
| 1st Review: | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
| 2nd Review: | Ontario Research Foundation Ontario Telephone Service Commission Ontario Housing Corporation Ontario Food Terminal Ontario Council of Health Ontario Municipal Board |
| 3rd Review: | Ontario Educational Communications Authority Ontario Lottery Corporation Board of Ophthalmic Dispensers Ontario Labour Relations Board Ontario Northland Transportation Liquor Control Board of Ontario |
| 4th Review: | Ontario Racing Commission Ontario Hockey Development Committee Farm Pollution Advisory Committee Ontario Place Corporation |
| 5th Review | Ontario Board of Censors Ontario Energy Board Ontario Police Commission Toronto Area Transit Operating Authority |
| 6th Review: | Art Gallery of Ontario Civil Service Commission Commission on Election Contributions and Expenses Ontario Mortgage Corporation Wolf Damage Assessment Board |

- 7th Review:** Criminal Injuries Compensation Board
 The Law Society of Upper Canada
 Ontario Cancer Treatment and Research Foundation
 Ontario Manpower Commission
 Ontario Status of Women Council
- 8th Review:** Alcohol and Drug Addiction Research Foundation
 Board of Funeral Services
 Board of Parole
 Board of Visitors of Homewood Sanitarium, Guelph
 Crop Insurance Commission of Ontario
 Game and Fish Hearing Board
 IDEA Corporation
 Nursing Homes Review Board
 Social Assistance Review Board
- 9th Review:** Animal Care Review Board
 Children's Services Review Board
 Niagara Parks Commission
 Niagara Falls Bridge Commission
 Ontario International Corporation
 Ontario Junior Farmer Establishment Loan Corporation

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Standing Committee on Procedural Affairs and Agencies, Boards and Commissions

Report on Agencies, Boards
and Commissions (No. 10)



LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

The Honourable Hugh Edighoffer, M.P.P.,
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Procedural Affairs and Agencies, Boards and Commissions has the honour to present its Report and commends it to the House.

A handwritten signature in dark ink, reading "Michael J. Breagh".

Michael J. Breagh, M.P.P.
Chairman

**MEMBERSHIP OF THE STANDING COMMITTEE ON
PROCEDURAL AFFAIRS AND
AGENCIES, BOARDS AND COMMISSIONS***

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Research Officer

* Hearings on the agencies, boards and commissions reviewed in this Report were held in February, 1985. The membership of the Standing Committee on Procedural Affairs at that time was: Richard Treleaven, Q.C., M.P.P., Chairman, Andy Watson, M.P.P., Vice-Chairman, Michael Breaugh, M.P.P., Brian Charlton, M.P.P., Sam Cureatz, Q.C., M.P.P., Hugh Edighoffer, M.P.P., Remo Mancini, M.P.P., Ron McNeil, M.P.P., Gordon Miller, M.P.P., Noble Villeneuve, M.P.P., Mickey Hennessy, M.P.P. (substitute for Morley Kells, M.P.P.) and Bill Hodgson, M.P.P., Jim Pollock, M.P.P., Bob MacQuarrie, Q.C., M.P.P., W. Donald Cousens, M.P.P. (substitutes for David Rotenberg, M.P.P.).

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I. INTRODUCTION

The Standing Committee on Procedural Affairs and Agencies, Boards and Commissions was appointed on July 10, 1985, among other things to review the operation of all agencies, boards and commissions of the Government of Ontario with a view to reducing possible redundancy and overlapping.¹

During February, 1985, the Committee's predecessor, the Standing Committee on Procedural Affairs, reviewed the operation of the following agencies of the Government:²

- Assessment Review Board
- Fire Code Commission
- Geoscience Research Review Committee
- Health Disciplines Board
- Languages of Instruction Commission of Ontario
- Licence Suspension Review Board
- Liquor Licence Board of Ontario
- Ontario Drainage Tribunal
- Selection Panel (Ontario Graduate Scholarships)
- Travel Industry Compensation Fund Board of Trustees.

By Order of the House of July 12, 1985, the evidence taken before the Standing Committee on Procedural Affairs was referred to your Committee for consideration during the First Session of the Thirty-Third Parliament. The observations and recommendations contained in this Report are based solely on the work undertaken by the Committee's predecessor.

The Committee wishes to express its appreciation to all the witnesses who appeared to present their views.³ The Committee wishes to acknowledge the cooperation of the officials of the various ministries of the Government of Ontario and the agencies themselves.

¹See Appendix A for the Committee's terms of reference.

²See Appendix C for a list of agencies reviewed by the Committee since 1978.

³See Appendix B for a list of witnesses who appeared before the Committee.

In addition, the Committee urges Ministers under whom these agencies fall to give serious and thoughtful consideration to the Committee's recommendations.

The Committee wishes to express its appreciation to the Clerk of the Committee, the Assistant Clerk of the Committee and the Research Officer for their assistance and dedication to the work of the Committee.

The recommendations contained in this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every recommendation, your Committee is pleased to present a report that each member can support.

II. AGENCY REVIEW

GEOSCIENCE RESEARCH REVIEW COMMITTEE

Under the Ministry of Natural Resources Act, the Minister can establish advisory committees subject to the approval of the Lieutenant Governor in Council. In 1978, the then Minister sought and received approval of the Lieutenant Governor in Council to establish the Geoscience Research Review Committee.

The Order in Council establishing the Committee sets out its terms of reference:

The Committee should advise the Minister of Natural Resources concerning geoscience research priorities and the scientific merit and relevance of various geoscience research proposals submitted pursuant to the Geoscience Research Grant Program of the Ministry of Natural Resources.

The Geoscience Research Grant Program provides grants of up to three years' duration for projects that are of interest to Ontario's mineral development and exploration industry. Each year, \$500,000 in grants is available for this program. Between 1978 and 1983 some \$2.3 million in grants has been awarded.

There are eleven members of the Committee, including the Chairman, drawn from industry, universities and government. Each is appointed to a three-year term subject to appointment for an additional three-year term. Those members employed by the Ministry of Natural Resources are not subject to this provision. Except for employees of the Ministry, all the other members receive an honorarium and reimbursement of expenses: the Chairman receives \$200 per day and \$100 per half day and other members receive \$125 per day and \$62.50 per half day.

In 1983-84, the Committee's expenditures amounted to \$5,500.

When first created in 1978, the Committee was given a five-year term, subject to renewal. In 1982, the Lieutenant Governor in Council renewed the Committee's mandate for another five years.

Recommendations

Under the Geoscience Research Grant Program, \$500,000 is available each year for geoscience projects that, as the Ministry of Natural Resources cites, have economic and geologic potential to improve the effectiveness of mineral exploration and development in the province. Once the research project has been completed, the beneficiaries of the program are the mining companies, as well as any oil and gas companies, which can use the results to further their exploration in Ontario. In view of the contribution the Geoscience Research Grant Program makes towards the economic viability of the mining and exploration industry in Ontario, the Committee feels that there is merit in asking the companies in this field to consider making some financial contribution to the program. The Committee would therefore encourage the Ministry of Natural Resources to explore this possibility with Ontario's mining and exploration industry.

In its review of the Geoscience Research Review Committee Your Committee noted that a number of the academic members of the Review Committee were recipients of the grants under the grant program. Given these facts, it is the opinion of the Committee that a conflict of interest would appear to arise where those responsible for recommending grants also appear to be recipients of the same grants. The Committee notes that those members of the Review Committee who are also applicants for grants do not participate in the panel deliberations when their applications are being considered. Nevertheless, the Committee feels that this appearance of conflict of interest undermines the integrity of the Geoscience Research Grant Program and raises questions as to whether the selection process is equitable and fair.

At the same time, the Committee was told that were this situation changed in a way that would prevent the academic members of the Review Committee from applying for a grant, then qualified academics in the

geoscience field would not be prepared to serve on the Review Committee. The members of the Standing Committee on Procedural Affairs appreciate the problem that would ensue; however, it believes that the integrity of the grant program needs to be preserved. Therefore, it proposes that in the future academic members of the Review Committee should not be eligible for grants while they serve on the Review Committee, but so as not to disadvantage them unduly, their appointments to the Review Committee should be on a year by year basis rather than the present three-year terms.

Your Committee, therefore, recommends that:

1. Academic members of the Geoscience Research Review Committee not be eligible for grants while serving on the Committee, and that their appointments to the Committee be for one-year terms.

As was cited previously, the Geoscience Research Grant Program has as its overriding objective the strengthening of Ontario's economy through the improvement of mineral exploration and development. While the Committee supports this objective, it was not able in questioning the witnesses to ascertain in any concrete way what benefits have accrued to the mineral and exploration industry or the Ontario economy in general. The Committee believes that it would be useful for the Ministry of Natural Resources to devise appropriate criteria that would act as a yardstick to assess the degree to which the Ontario economy in general and the mining and exploration industries in particular have benefited by the Geoscience Research Grant Program. Such criteria would then be incorporated in the sunset review which the Review Committee will undergo again in 1988.

Your Committee, therefore, recommends that:

2. The Ministry of Natural Resources establish appropriate criteria by which to assess the benefits of the Geoscience Research Grant Program and that when the Review Committee undergoes its sunset review in 1988 such criteria form part of that review.

FIRE CODE COMMISSION

The Fire Code Commission was established under the Fire Marshals Act as amended by the Fire Marshals Amendment Act, 1981, but unproclaimed until December 1, 1983. The creation of the Commission stems from the introduction by the Government of a province-wide Fire Code. The Commission's role is to provide an appeal mechanism for those affected by the Fire Marshal's interpretation of the Fire Code.

Under the Act, the Lieutenant Governor in Council can appoint as many commissioners as is appropriate. At present there are fifteen commissioners. Each member of the Commission serves for either one, two or three-year terms, with one third of the membership retiring each year. One of them is appointed Chairman, while another is appointed Vice-Chairman. None of the appointees can be civil servants or employees of a municipality. Three members of the Commission constitute a quorum. Members receive a per diem of \$85.00 and the Chairman \$110.00.

The staff of the Commission consists of one secretary to record the proceedings and Commission decisions and to deal with any other administrative responsibilities.

Under the Fire Marshals Act, the Fire Marshal or some other person in the office of the Fire Marshal can inspect all premises and buildings within their jurisdictions either on their own initiative or on a complaint. If, as a result of such an inspection, the building or premises is found in need of repairs or alterations or contravenes the Fire Code, the officer making the inspection can order repairs, alterations, or installations to be carried out. As well, any manufacturing process that can cause fire or explosion can be ordered removed from any building that is not fire-resistant and is close to any place of public assembly.

Under these two circumstances, the Fire Marshal when requested in writing can review and amend or rescind the original order and in so doing he does not have to hold a hearing. However, when a person feels aggrieved by the

Fire Marshal or an officer who issued an order, or when the Fire Marshal has reviewed and amended the original order, the person can within ten days apply to the Fire Code Commission for a hearing.

When an application for a hearing has been made to the Fire Code Commission, it is required to appoint a time for the hearing. The Commission can extend the time within which an application can be made, provided there are prima facie grounds for granting relief and reasonable grounds for giving the extension. However, the time period cannot exceed thirty days from the time the order was made or amended.

Ordinarily, when someone is ordered to do something, the order does not take effect until all appeals have been resolved. The Fire Code Commission however is given the power to make the person comply with the original order even while the appeal is being heard. Presumably, this option would be used where public safety would be adversely affected by any delay in implementing the order.

The Act requires that the members of the Commission not participate in any decision of the Commission unless they were present throughout the hearing and heard all the evidence and argument; moreover, no decision can be made unless all the members who heard the evidence are present at the decision, unless the parties consent to make an exception.

The Act requires that the Commission in its hearings follow sections 15 and 16 of the Statutory Powers Procedures Act with respect to what will be admissible as evidence. In making its decision, the Commission has the discretion to rescind or affirm an order of the Fire Marshal or officer, or it can substitute its opinion for that of the Fire Marshal or officer.

Any party to a hearing can appeal the Commission's decision to the Divisional Court, which can confirm or alter the decisions of the Commission, refer the matter back to the Commission for reconsideration, or it can substitute its opinion for that of the Commission. The qualification is that the appeal cannot be made on fact alone.

The Commission has only been in operation for one year, and at the time of writing had not as yet met. Consequently, it did not incur any expenses. In the future, however, the costs of support services, such as a secretary, expert evidence and informal review process administration will be borne by the Ministry of the Solicitor General.

As a new agency, the Commission has not yet had time to prepare a Memorandum of Understanding, though one is now in preparation.

Recommendations

In reviewing the Fire Code Commission, the Committee was made aware that the time limit by which the Commission must hold a hearing and issue a decision is not set out in the Fire Marshals Act. It is the opinion of the Committee that the regulations should be amended to include a maximum time of thirty days by which the Commission must hold a hearing and issue a decision.

Your Committee recommends that:

3. The regulations prescribing the procedures of the Fire Code Commission include the provision that appeals must be heard and decided within thirty days.

Another matter the Committee wishes to raise is the issue of representation. It understood that a variety of groups are represented on the Commission such as the House Builders' Association, the Insurers' Advisory Organization, Nursing Home Association, Urban Development Institute, Association of Professional Engineers, the Federation of Metro Tenants' Associations and the like. The Committee believes that when a panel is struck to hear a particular case, it would be important that there be broad representation on the panel in order that no particular point of view prevails. Responsibility would lie with the Chairman to assign a broad mix of Commission members representing a variety of groups and interests.

Your Committee, therefore, recommends that:

4. The Fire Code Commission ensure that the panels that hear each case be representative of the different groups that are appointed to the Commission.

The Committee was made aware that the Commission is not required to prepare and submit an annual report to the Legislature. The Committee feels there is considerable merit in having the Fire Code Commission prepare an annual report that provides some detail as to the disposition of the cases it has heard over the year. A description of such cases would be instructive not only as to how the Commission was performing but also with respect to the kind of matters that were coming before the Commission. This information would provide an indication of how the Fire Code was understood and implemented. Further to this point, the Committee believes that the Commission could incorporate within its annual report observations as to how well the Fire Code is working, and where a need for adjustments or changes in the standards exists.

Your Committee, therefore, recommends that:

5. The Fire Code Commission publish an annual report that would incorporate a description of the cases heard, along with its observations as to how the Fire Code could be improved.

TRAVEL INDUSTRY COMPENSATION FUND BOARD OF TRUSTEES

The Compensation Fund Board of Trustees was constituted in 1975 by the regulations under the Travel Industry Act. The purpose of the Fund is to provide compensation to those travellers who, having made advanced holiday bookings, lose their money when a travel agency or tour company defaults and declares bankruptcy or refuses to refund money or salvage the vacation of a traveller who is either already on his or her vacation and out of the country, or is preparing for immediate departure from Canada.

Ontario Regulation 938 as amended by O.Reg. 149/84, sets out the structure of the Board of Trustees of the Fund. The Board is to be comprised of between five and nine members appointed by the Lieutenant Governor in Council, one of whom shall be appointed Chairman and another Vice-Chairman. Three members of the Board represent the travel industry, while another three come from the public sector, and the seventh is the Executive Director of the Business Practices Division of the Ministry. At present there are seven members. The Chairman receives a per diem of \$125, the Vice-Chairman \$100 and the other members \$85.

The affairs of the Fund are to be managed by the Board, except for certain responsibilities assigned to the Director of the Business Practices Division of the Ministry of Consumer and Commercial Relations, and the Trustee of the Fund, namely the National Victoria and Grey Trust Company. A majority of the Board constitutes a quorum for decision making purposes, and the Board has authority to pass by-laws with respect to the conduct of its business. There is provision in emergency situations for two members to make a decision subject to the Director's concurrence. The Board is required to keep minutes of its meetings.

Where a member of the Board represents the travel industry, that member cannot participate in a Board decision that pertains to an agency or company in which the member is an officer or director.

The fund is at all times to be situated in Ontario and the property and interest comprising the Fund is required to be held by the Trustee in the Province.

The Board is authorized to employ or retain counsel, accountants or other experts in order to maintain the Fund, and is protected where it acts in good faith in accepting information from its advisors.

Those who are eligible to participate in the Fund are travel agents and travel wholesalers registered under the Travel Industry Act. These participants are required to make an initial payment of \$2,000 with additional payments according to the following formula:

1. Each participant who is a registered travel agent shall make an additional half-yearly payment of an amount equal to three dollars (\$3.00) for every \$10,000 of sales volume, including commissions, or for any fraction thereof, made during such half-year period.
2. The half-yearly payment made under paragraph 1 shall be transmitted to the Trustee within 35 days of the end of the month for which the half-yearly payment is made and the end of the first half-yearly period shall be the 31st day of December.
3. Each participant who is a registered travel wholesaler shall make an additional half-yearly payment of an amount equal to twelve (\$12.00) for every \$10,000 of sales volume, including commission, or for any fraction thereof, made during such half-year period.
4. The half-yearly payment made under paragraph 3 shall be transmitted to the Trustee within 35 days of the end of the month for which the half-yearly payment is made and the end of the first half-yearly period shall be the 31st day of December.
5. Where a participant referred to in paragraph 1 or 3 is a public carrier, the sale of online or interline transportation shall not be included in the sales volume.

6. When each participant has been advised by the Trustee that the fund has a book value of \$3,000,000, subject to section 12 of this Schedule, no further additional payment for any following half-year period shall be made under paragraphs 1 or 3.
7. Where a person who is registered under the Act opens a new branch office, he shall make an initial payment of \$1,000 in respect of that office.

In addition, where the book value of the Fund drops below \$2 million as a result of payments to claimants, then those participating in the Fund have to make payments to the Fund to restore it to a book value of \$3 million. Also, the participants in the Fund are required to make additional payments into the Fund when the \$2 million level has not been reached as a result of claims on the Fund when the Registrar deems that such payments have been inappropriate. The principal objective of these provisions is to ensure that the Fund always contains sufficient reserves to pay claimants.

The administration of the Compensation Fund is entrusted to the Trustee, the National Victoria and Grey Trust Company, which is required to hold all money received from the participants in the Fund. The Trustee records the amounts of each participant and the Trustee has the final word as to which participant will be credited with the amount. The Trustee is responsible for investing the moneys of the Fund in securities. The income from such investments is to be reinvested after the Trustee deducts fees, costs, taxes and expenses.

The Trustee is also obliged to keep a financial statement of the Fund and keep records of its administration of the Fund.

With respect to claims, the procedures set out in the regulations are as follows: The persons who can claim payment from the Fund are those who have not received travel services for which they have contracted and the travel agent or travel wholesaler has refused to repay the amount for no legal reason or cannot repay because of bankruptcy or insolvency. The customer is not entitled to any repayment from the Fund where he or she

has received alternate travel services. The customer also cannot make a claim where he or she was informed that the money paid to the travel agent or wholesaler was a non-refundable deposit or a reasonable service charge, nor where such a claim is based on the cost, value or quality of the travel services provided.

The Board has the responsibility to determine the eligibility and the amount of any claim, and has the power to direct the Trustee to pay any claim. The Board's decision is final.

Anyone seeking a payment out of the Fund must do so within six months of the participant's refusal or failure to pay, though the Board is given authority to extend the time when a claim can be made. However, it cannot do so if the amount of the Fund is insufficient to meet the claims.

In addition to any customer, both travel agents and travel wholesalers can claim a refund where either has provided alternate travel services, at his or her own expense or has reimbursed his clients.

The regulations stipulate that the maximum aggregate amount of claims that can be paid out of the Fund cannot exceed \$1,500,000, though if for some reason the claims exceed this amount, then the distribution among the claimants shall be on a pro rata basis. The maximum amount payable to a single claimant is \$3,500. The Trustee is given discretion as to how and when the claims shall be paid to the claimant.

There is also a provision that allows the Board with the concurrence of the Director to pay out a refund to someone who is stranded outside Canada when the travel agent or wholesaler goes bankrupt or refuses a refund. Moreover, if the customer of the travel agent or wholesaler is on the point of leaving Canada and it appears that there is likelihood of suffering or inconvenience, the Board or Director can direct the Trustee to pay out of the Fund an amount that will alleviate the inconvenience or suffering.

In those circumstances where two or more travel agents or wholesalers that are wholly owned subsidiaries of another corporation fail to provide travel services for which money has been paid, refuse a refund or cannot pay a refund, then where the Board and the Director concur, these claims can be treated as one.

Where the Board determines that someone is not eligible for a payment out of the Fund, that person is entitled to a hearing by the Commercial Registration Appeal Tribunal.

As has already been explained, monies to sustain the Compensation Fund are entirely drawn from the travel agents and travel wholesalers who must participate in the Fund. Expenses relating to the operation of the Fund, including the employment of a law firm and one Claims Officer, are covered by the Fund itself. The only exceptions are the Board members' per diems and travelling expenses. The latter expenses came to \$6,024 in 1983-84.

With respect to the Fund itself, in 1983-84 it paid out \$1.55 million to 4,100 consumers, and in 1982-83, the amount paid out was \$2.05 million. Since 1975 when the Fund was first created, the Fund has paid out over \$7.5 million.

The Board of Trustees of the Travel Industry Compensation Fund is classified as a Regulatory Agency within Schedule I of Management Board of Cabinet's classification system, and as such is required to have a Memorandum of Understanding with the Ministry of Consumer and Commercial Relations. The Board at present does not have such a Memorandum. However, the regulations stipulate that the Board is required to provide such information, books, records or documents relating to the operation of the Fund as the Minister of Consumer and Commercial Relations specifies.

In addition, the Director of the Ministry's Business Practices Division can ask that the Fund be audited and the Board is required to cooperate with the Director in providing all the necessary information.

Recommendations

The Travel Industry Compensation Fund has been in existence now for ten years. During that time, it has provided the people of Ontario with assurance that when they make arrangements to travel abroad they will not be left stranded or lose their money when travel companies go bankrupt, or refuse to make refunds. The Committee commends the travel industry in Ontario for supporting the Fund and the officials of the Ministry of Consumer and Commercial Relations for the efficient way they respond to emergency situations.

The Committee wishes to raise several matters for consideration by the Ministry of Consumer and Commercial Relations and the Ontario travel industry.

The first matter deals with the question of whether it may be appropriate for those selling travel services to the Ontario public to provide some direct means of telling the public that the Travel Industry Compensation Fund exists and how, when circumstances warrant, individuals can apply to the Fund. The Committee is of the view that every contract for travel services an individual signs should contain a statement indicating the role of the Fund and how it operates.

Your Committee, therefore, recommends that:

6. **The Ministry of Consumer and Commercial Relations in cooperation with travel agents and wholesalers devise a standard statement on the operations of the Travel Industry Compensation Fund to be attached to all contracts.**

Another matter the Committee wishes to raise is whether there is not a need for the travel industry to devise a code of ethics. The code would establish uniform standards of professional conduct for the Ontario travel industry. The Committee believes that such a code would help to ensure that the travelling public is treated in a consistent and fair manner. While the Committee does not doubt that in most instances the public is so

treated, it nevertheless is of the view that a code of ethics would help to establish confidence in the public mind and encourage all travel agents and wholesalers to maintain their high standards of professional conduct. Moreover, the Committee believes that adherence to a code of ethics should form part of the requirement to participate in the Fund.

Your Committee recommends that:

7. The Ontario travel industry in cooperation with the Ministry of Consumer and Commercial Relations establish a code of ethics for the industry and that adherence to the code be made obligatory.

The Committee also wishes to comment on those instances when a client has contracted and paid for a certain standard of accommodation or other service, only to learn when finally at his or her destination that the accommodation or service has been changed to a much lower standard. The Committee feels that in these obvious situations the person affected should have some simple form of redress. It may be appropriate to consider giving the Board of Trustees of the Travel Industry Compensation Fund the added responsibility of deciding whether a person affected, as in the above described circumstance, should receive some refund.

Your Committee recommends that:

8. The Ministry of Consumer and Commercial Relations and the Board of Trustees of the Travel Industry Compensation Fund should give consideration to expanding the mandate of the Fund to include the refunding of moneys where the standard of accommodation received is clearly at a much lower standard than originally contracted for by a client.

LANGUAGES OF INSTRUCTION COMMISSION OF ONTARIO

The origins of the Commission stem from the report of the Ministerial Commission on French Language Secondary Education, headed by T.H.B. Symons. The report, among other things, recommended that a Linguistic Rights Commission be established as a mechanism to ensure that the educational rights of English and French-speaking Ontarians are protected.

In 1973, the Schools Administration Act was amended to include provisions for the creation of a Languages of Instruction Commission of Ontario modelled on the recommendations of the Symons report. In 1974, various statutes pertaining to education were consolidated in the Education Act including sections on the Languages of Instruction Commission.

The underlying policy in the creation of the Commission was the recognition by the Government of Ontario that the educational rights of English-and French-speaking Ontarians needed legislative protection, where either group was in a minority in some part of the province. In Ontario, the principal concern was with the educational opportunities of the Province's French-speaking minority. With the passage of the Constitution Act in 1982, minority language educational rights were entrenched. From the perspective of 1984, the Languages of Instruction Commission can be seen as a mechanism for ensuring Ontario's compliance with the Charter.

The Commission is established under the Education Act to consist of five members appointed for varied terms of one, two or three years by the Lieutenant Governor in Council. At least two of the members must be French-speaking, and at least two English-speaking, with one member appointed as Chairman. Members can be reappointed for further terms. A quorum of the Commission is required to be three members of whom at least one shall be French-speaking and one English-speaking. When the Commission makes a recommendation, the Act requires that a majority of members concur in that recommendation. The staff of the Commission can be assigned by the Minister from the civil service. The Commission is given power to hire legal counsel.

Under the Act, a board of education can either establish a French-speaking or an English-speaking advisory committee and each committee is responsible for developing proposals designed to meet the educational and cultural needs of either French or English-speaking pupils or either the French or English-speaking community as a whole. Where a board of education refuses to accept the recommendations of a French-speaking committee or an English-speaking committee, the committee can refer the matter to the Languages of Instruction Commission of Ontario.

The Commission is required to consider matters referred to it by the above-mentioned committees, as well as requests by such committees or boards of education for advice and assistance with respect to the kind of matters on which committees can make recommendations. As well, if there is no committee, the Commission can be approached by a group of ratepayers of a board, that group being determined by the Commission to be representative of the French or English-speaking minority, and the Commission can create a committee to represent those ratepayers.

The Commission is also required to deal with matters referred to it by the Minister of Education with respect to French language instruction or English language instruction where that language is a minority language within a particular board.

The Act gives the Commission the power to determine whether French-speaking or English-speaking pupils are in a minority within a board, and whether there shall be a French-language or English-language advisory committee or both. The Commission has the power to establish such a committee or committees. The Commission is also empowered to investigate irregularities with respect to the election of a member of a particular advisory committee. A board or committee has thirty days to make a request to the Commission for an investigation. The Commission can either confirm the election or declare the seat vacant.

When a matter is referred to the Commission, the Act requires the board of education to defer any action until the issue is resolved. For its part, the Commission can either appoint one or more mediators to resolve the issue or

can take no further action in the matter. If the Commission takes the latter course, it must notify in writing the board, the Minister and the Committee of its decision and give reasons.

With respect to the mediator or mediators the Commission can appoint, the Act specifies that they cannot be members of the Commission. Their responsibility is to bring about an agreement between the parties and they are required to report to the Commission within twenty-one days whether they have or have not reached an agreement. If the mediator or mediators have not reached an agreement, the Commission can consider the matter and within twenty-one days of the receipt of the mediator's report can make its own recommendations to the board. The Commission is then obliged to send a copy of the recommendations to the Minister of Education. The local school board then has thirty days in which to inform the Minister of its decision in respect of the recommendations of the Commission.

Since this section of the report was written, the Education Act has been amended. Under the amended Act, the board is given thirty days to make up its mind as to whether the board will or will not implement recommendations of the Commission, and the board is obliged to send a notice of its decision to the Commission. Where the board resolves not to implement the recommendation, the Minister as well as the Commission must be notified within thirty days, and the board must provide written reasons for its decision.

The amended Act further provides that the board can change its mind and rescind the original resolution not to implement the Commission's recommendation and resolve to implement the recommendation of the Commission. The board is given sixty days within which to change its mind. Where the board fails to implement the recommendation within the prescribed time periods, The amended Act would require that the Commission reconsider the matter and make a report with recommendations to the Minister. The Minister, after considering the Commission's report, can order the board or the Commission to take such action that the Minister

considers appropriate. In making his or her decision, the Minister is not bound by the Commission's recommendations nor is the Minister required to provide opportunity to anyone to make submissions.

The Minister's order is filed with the Registrar of the Supreme Court of Ontario and becomes enforceable as any court order.

The budget of the Commission is included in the Estimates of the Ministry of Education which are reviewed by legislative committees considering Estimates. For the following years, the expenditures of the Commission have been, 1982-83 - \$85,688; 1981-82 - \$113,485; 1980-81 - \$99,147. The fluctuations presumably represent variations in the use of mediators during that fiscal year.

The Languages of Instruction Commission is designated as a regulatory agency within Schedule I by Management Board of Cabinet's classification system. As such an agency, it is required to have a Memorandum of Understanding with the Minister.

The Commission's existing Memorandum details the relationship between the Commission and the Minister. Thus, the Memorandum speaks of the Commission's role as being one of furthering harmonious relations between school boards and advisory committees and between school boards and ratepayers groups; to bring about solutions to problems that arise in the provision of sound educational programs for the English or French-speaking minority groups; and to keep the Minister informed of all major developments and progress in the mediation process between school boards and advisory committees or between school boards and ratepayers groups.

With respect to administrative and other procedures, the Commission is required to follow the financial guidelines and budgetary controls as set out by the Ministry and as contained in the Manual of Administration. Further, the annual budget of the Commission has to be developed in consultation with the Ministry, approved through the regular estimates process and forms part of the Ministry's budgetary estimates.

Operationally, the Ministry agrees to provide the Commission with personnel, financial management and internal audit services.

The Commission is also required to prepare agendas and keep minutes of its meetings and maintain appropriate records of the activities of the Commission and its staff for the Minister's inspection.

The Memorandum also stipulates that the Commission is subject to the audit of the Provincial Auditor. The Commission is also required to provide reports to the Minister on the status of negotiations between the various groups that come within the jurisdiction of the Commission. Finally, the Commission is required to file an annual report on the results of its investigations with the Minister.

Recommendations

In reviewing the Languages of Instruction Commission, the Committee's perception was that the Commission was operating satisfactorily. Between 1973, when it was first created, and 1985, the Commission had dealt with 78 referrals and had resolved most of the issues brought before it. The Committee believes that the Commission has been a useful device to resolve disputes with respect to minority language issues in the province. The Committee supports the amended Education Act which should enhance the role of the Board in the future.

The Committee notes that the Commission in the next few years will have to deal with a new set of issues and problems as a result of the implementation of Bill 82 with respect to the provision of special education programs and when legislation is passed providing for French-speaking trustees for certain boards of education. With respect to each piece of legislation, new problems and issues will arise that will undoubtedly be referred to the Commission for resolution and mediation. The Committee wishes to encourage the Commission to reflect on the impact this legislation would have on its work and asks that the Commission prepare itself for its

new role. Moreover, the Commission should be prepared to advise those responsible in the Ministry of Education for the implementation of these pieces of legislation on how best to deal with the problems that may ensue.

Your Committee recommends that:

9. The Languages of Instruction Commission ensure that it is prepared to deal with the problems that may result with the implementation of the special education programs and the amendments to the Education Act providing for French language representation on boards of education.

ONTARIO GRADUATE SCHOLARSHIPS SELECTION BOARD

The Ontario Graduate Scholarship Selection Board is constituted by Order in Council pursuant to section 3(3) of the Ministry of Colleges and Universities Act which permits the Minister to appoint advisory committees or other consultative bodies. The Board is part of the Ontario Graduate Scholarship Program.

There are nine members of the Selection Board, including the Chairman, appointed by the Lieutenant Governor in Council. A majority of the members constitute a quorum. With respect to remuneration, the Chairman receives \$230 per day when he or she works in excess of three hours and \$115 when the period is less than three hours. The Chairman's total yearly remuneration cannot exceed \$1,840. All members of the Board receive returns on their expenses when serving on the Board. In 1983, the Board met two times.

The Board had a termination date of March 31, 1984, when its mandate was renewed until March 31, 1987.

The Order in Council establishing the Board in 1975 set out its function, namely to advise the Minister of Colleges and Universities on all matters concerning the granting of awards under the Ontario Graduate Scholarship Program. Its principal function is to screen applicants for awards, and make recommendations with respect to awards to the Minister.

Ontario Regulation 647, as amended, provides for two types of scholarships, open and institutional. Eligible students are those who are Canadian citizens, landed immigrants, or a student on a visa.

Open scholarships are those where the applicant is a full-time graduate student at an Ontario university financially assisted by the Province. Institutional scholarships are those where the applicant is or is about to be enrolled in either Brock University, Lakehead University, Laurentian University, Trent University or Wilfrid Laurier University. Each of these universities can select among the applicants those that should receive a

scholarship. These institutions are entitled to nine such scholarships. It is a provision of the regulations that those seeking institutional scholarships cannot apply for an open scholarship. The maximum award under the Program is \$2,305 per term, and a student can receive up to four awards. The student must apply each year for a new award. The regulations stipulate that no more than 1,200 individual awards can be made each year.

The Board has no separate budget, rather the expenditures of the Board form part of the budget of the Ministry of Colleges and Universities. The expenses of the Board over the last three years were as follows: 1983-84 - \$28,131; 1982-83 - \$27,151; 1981-82 - \$43,179.

As an advisory agency, the Selection Board is required to undergo a "sunset review" every three years. The procedures to be followed in this review are outlined in the Manual of Administration. In effect, the procedures require that the agency justify its continued existence.

The Selection Board had a termination date of March 31, 1984. However, after a sunset review by the Minister and Management Board of Cabinet the Board's mandate was renewed for another three years, that is until 31 March 1987.

Recommendations

With respect to the Ontario Graduate Scholarship Selection Panel, the Committee wishes to raise a number of issues for consideration. The Committee understood that at present 60 of the 1,200 yearly scholarships are provided to graduate students who are studying in Ontario on a visa. Once they have completed their course of study they are expected to return to their country of origin. In the opinion of the Committee, this is a worthwhile policy and it believes that the number of visa student scholarships should be maintained at 60 despite the fact that the overall number of scholarships have been reduced from 1,500 to 1,200.

Your Committee recommends that:

10. The number of scholarships reserved for visa students should be maintained at sixty.

Another matter the Committee wishes to raise is the issue of selection. The Committee believes that in addition to grades and other objective criteria for selecting suitable students to award scholarships, the Selection Panel should also give consideration to what could be considered subjective measures of a student's suitability for an award. In other words, the Committee does not believe that academic standing should be the sole criteria for selection, rather recognition should be given to a student's general abilities.

The Committee wishes to recommend that students be allowed to write a short essay as part of their application for an award wherein they could discuss such matters as their reasons for continuing on in graduate school, what they hope to achieve as a result, and any other matters they consider pertinent to a consideration of their application.

Your Committee recommends that:

11. The Selection Panel should give consideration to a graduate student's personal essay when reviewing his or her application for an Ontario Graduate Scholarship.

Finally, the Committee wishes to support the recommendation of the Selection Board permitting Ontario Graduate Scholars to receive up to \$5,000 in funding from sources other than the Ontario Graduate Scholarship. Given the rise in the cost of living and education, the Committee feels that the present limit of \$2,500 is too low.

Your Committee recommends that:

12. The present limit of \$2,500 that Ontario Graduate Scholars may receive as additional funding should be raised to \$5,000.

ONTARIO DRAINAGE TRIBUNAL

The Ontario Drainage Tribunal originated in a proposal made by the Select Committee on Land Drainage in 1974, and adopted by the Legislature in 1975 with the passage of a new Drainage Act. The intent of the Act was to amend the old legislation in order to provide a more expeditious process whereby farmers could receive assistance when considering drainage projects and to streamline the appeal process. The Tribunal also has jurisdiction under the Tile Drainage Act, though as yet section 3 of the Act has not been proclaimed.

The Drainage Act envisages several methods by which farmers can construct, improve or maintain drainage works. The first method is by mutual agreement, where two or more owners of agricultural land enter into a written agreement to construct or improve a drain on their land. This procedure is essentially a private one, and, as a result, the provisions of the Act as they refer to the Ontario Drainage Tribunal do not apply with respect to mutually agreed to drainage works.

A second method of constructing drainage works is by requisition. In this case, where one owner has not found anyone else to support his project, he can ask the municipality to construct the drainage works. The cost of such works cannot exceed \$7,500. On filing of the requisition, the local municipality is obliged to pass a by-law or resolution appointing an Engineer to examine the project and make a report, including a benefit-cost analysis and an environmental appraisal assessment. Once the report is completed, the Council of the Municipality is required to hold a meeting to discuss the report. During this period the owner can obtain petitioners who will support his project. If there are sufficient petitioners, then the procedure for obtaining approval of the project follows the petition procedures outlined in the next section of the report.

If there are not sufficient petitioners, then the Council must proceed with the requisition and implement the drainage works. Appeals to the Drainage Tribunal and other tribunals cited in the Act are permitted where drainage

works are constructed by requisition, and the procedures are similar to those where drainage works are constructed as a result of a petition.

The third method of constructing drainage works is by way of a petition. The person requiring the drainage works circulates a petition and if a majority of the other owners in the area agree or if those owners who have 60% of the acreage in the drainage area agree, then the petition is sent to the local municipal Council which either rejects or accepts the petition. If the Council does not accept the petition, then any petitioner can appeal to the Drainage Tribunal.

If the Council agrees to the petition, the Council then appoints an Engineer who may be asked to prepare a preliminary report, and possibly an environmental appraisal. After calling an on-site meeting, the Engineer is required to prepare a final report, which must be filed with the Clerk of the Municipality within six months. The final report is required to include plans of the project, its estimated cost, an assessment of the amount or proportion of the costs of the works to be assessed against every parcel of land and road for benefit, outlet liability and injurious liability, and allowances to be paid to the owners of the land affected by the project. Ordinarily the Council would pass a resolution indicating its approval of the drainage project, but if it does not pass such a resolution, then any petitioner can appeal to the Drainage Tribunal.

If the Council proceeds with the project, it is required to send copies of the Engineer's report, along with a notice of meeting to consider the report, to the owners who are subject to assessment or compensation, other clerks of affected municipalities, conservation authorities, railways and road authorities, public utilities, the Ministry of Natural Resources and the Director of Capital Improvements Branch, Ministry of Agriculture and Food. Clerks in affected municipalities send notices to those assessed or compensated owners in their area.

At its meeting the Council considers the Engineer's report, and petitioners have the opportunity of striking their names from or being added to the petition. When the petition has sufficient signatures, the Council can adopt

the report by passing a by-law; however, if the Council does not adopt the report, any petitioner can appeal to the Drainage Tribunal.

This completes the first phase of this particular set of procedures, which is intended to ensure that the municipality gives careful consideration to the proposed drainage project. The second phase, once the Council of a municipality has concurred in the project, centres on the matter of assessment. Your Committee observed that the issue of assessment was dealt with in the Engineer's Report. Once the Council has adopted the report, those affected by the project may feel that this assessment has been too high or those who are to be compensated feel that they are receiving too little. In either case, those who feel adversely affected by their assessment can appeal to the Court of Revision. Further appeal lies to the Drainage Tribunal which is required to hear the appeal de novo.

At this stage several other types of appeals can be launched. An owner or a public utility can appeal an Engineer's report to the Drainage Referee, who has the jurisdiction of a justice of the Supreme Court and can hear appeals on all legal questions, as well as with respect to disputes regarding damages and decisions of the Tribunal that are not final. In addition, the owner or public utility can appeal an Engineer's report to the Tribunal, and an affected municipality can appeal an Engineer's report to the Tribunal.

Once the originating municipality has acquired Ontario Municipal Board approval (under certain circumstances), obtained permits, and has allowed all appeals to be completed, the Council can pass a provisional by-law authorizing the drainage work to begin. If the Council does not proceed with construction in a reasonable time any petitioner can appeal to the Drainage Tribunal. After the work has been completed the Council applies for a grant from the Ministry. Within one year of completion of the drainage works, any dissatisfied owner of the drainage works can appeal to the Tribunal.

The Tribunal may hear the following additional appeals:

1. Where lands used for agricultural purposes come within the area of a proposed drainage works, the Minister of Agriculture and Food can refer the matter to the Tribunal, as can the Minister of Natural Resources.
2. Where an environmental appraisal has been conducted, the Tribunal can hear appeals with respect to the costs of that appraisal.
3. If the Council of a municipality fails to appoint an Engineer within the prescribed time period, any petitioner can appeal to the Tribunal.
4. Every landowner affected by a drainage works, any public utility or road authority, any municipality, conservation authority, the Minister of Natural Resources, and the Minister of Agriculture and Food can appeal an environmental appraisal to the Tribunal.
5. A conservation authority can appeal to the Tribunal when the Engineer's report indicates that the proposed drainage works will injure a project undertaken by the conservation authority.
6. Municipalities that may be affected by the Engineer's report after it has been adopted by the original municipality can appeal to the Tribunal.
7. The Tribunal may correct an error in the Engineer's report as it relates to assessments, after the Council has passed a by-law adopting the Engineer's report and before any assessments are made.
8. The Council of a municipality that has hired an Engineer can appeal his or her expenses to the Tribunal. If the Tribunal alters the amount by \$1,000 both parties can appeal further to the Drainage Referee.
9. Where the originating municipality undertakes to repair a particular drainage works and passes a by-law to that effect and notifies other

affected municipalities, the latter can appeal to the Tribunal on the basis that such repairs are unnecessary or the original municipality has been neglectful or has defaulted on completing the project.

10. Where, because of changed circumstances, there is a need to alter the assessments as they relate to a drainage works, any municipality affected by any new assessments can apply to the Tribunal for permission to obtain an Engineer's report to vary the assessment. The results of the report can be appealed to the Tribunal.
11. An appeal lies to the Tribunal from an Engineer's report made pursuant to a request for the abandonment of a drainage works.

Under the Tile Drainage Act, a municipality is given authority to pass by-laws that permit it to borrow money from the Treasurer of Ontario in order that the municipality can make loans for the construction of drainage works. Those proposing to construct drainage works can approach the municipality with a request to borrow money.

The municipality has the right to decide whether to approve or disapprove of the application and its decision is final. However, where the Council refuses an application or reduces the amount of money applied for, the applicant can appeal to the Drainage Tribunal within twenty days of the notice indicating the Council's decision.

The Drainage Tribunal can confirm or alter the decision of the Council and can issue an order to that effect. As was mentioned previously, this section of the Act has not been proclaimed.

The Drainage Act does not specify how many members can be appointed to the Tribunal by the Lieutenant Governor in Council. At present there are eight members, one of whom is appointed Chairman along with several Vice-Chairmen. One member of the Tribunal must be a barrister. Three members constitute a quorum. Public servants can be appointed to the Tribunal, though only those who are not public servants receive per diems.

The Chairman is paid a per diem of \$225, Vice-Chairman \$132 and other members \$110.

Subject to the approval of the Lieutenant Governor in Council, the Tribunal can make its own rules governing its practices and procedures and how it exercise of its powers. The Tribunal can sit anywhere in Ontario and can sit in several places simultaneously. Moreover, it can commission reports from engineers and other experts for the purpose of aiding its decision making.

The Clerk of the Tribunal is to be the clerk of the municipality where the drainage project is to be constructed. The Tribunal can hire a stenographer whose costs become part of the costs of the hearing. The Tribunal has discretion to decide who will bear those costs.

The Tribunal has the authority to hear and determine any matter and can order that those things be done that are authorized under the Act. Moreover, in addition to the appellant being a party to an appeal or reference, the Tribunal has the power to give standing to other parties.

The Tribunal must give an appellant ten days' notice of the time and place of the hearing by the Tribunal. All appeals going to the Tribunal must be heard de novo and can be disposed of as the Tribunal sees fit. The Tribunal's decision is final in most instances. Where it is not, a further appeal can be made to the Drainage Referee.

Where an engineer gives evidence to the Tribunal, it is a requirement that he give his evidence before the appellant presents his case, in order that the latter has the opportunity of rebuttal.

Expenditures for the Drainage Tribunal form part of the budget of the Ministry of Agriculture and Food. Expenses of the Tribunal for the last two years were as follows: 1983-84 - \$147,473; 1982-83 - \$127,328

The Tribunal annually holds about 50 hearings in various parts of the province.

The Ontario Drainage Tribunal is designated as a regulatory agency within Schedule I by Management Board of Cabinet, and as such it is required to have a Memorandum of Understanding with the Ministry of Agriculture and Food.

The Memorandum stipulates that the Tribunal is to operate independently of the Ministry with respect to establishing its rules of practice and procedure and with respect to the hearing and decision making process. The Tribunal is given the authority to recommend changes to the legislation.

With respect to financial arrangements, the Tribunal may not recover costs of its operations; rather, the Ministry is obligated to provide adequate resources. The Tribunal is not allowed to maintain a separate operating budget. Where expenditures are required, the Chairman, subject to approval by the Director of the Capital Improvements Branch, can authorize them within reasonable limits. The Tribunal is given the authority to charter a plane where the cost of commercial flights exceeds charter costs.

As for administrative arrangements, the Memorandum requires that the Ministry provide administrative support services (secretarial, phone, filing, stationary supplies). Other resources are to be provided through a contract with the firm Huckabone, O'Brien, Radley-Walters. The Tribunal is required to adhere to all the policies of the Manual of Administration, except those set out in the Memorandum. Moreover, the Tribunal must adhere to those established policies relating to transportation, meal and accommodation costs.

The financial records and accounting system of the Tribunal are subject to internal audit by the Ministry of Agriculture and Food.

Recommendations

As was stated previously, The Drainage Act provides for three methods by which drainage systems can be built. The first method, by mutual agreement, is a relatively simple process requiring two or more farmers to

come to an agreement as to their drainage requirements. Once an agreement has been reached, they share the cost of construction and maintenance. Under this procedure, there is no government involvement, either at the municipal or provincial levels, no lengthy hearings, and no complicated appeal process. The petition process, the most popular method of drainage construction, is, on the other hand, very lengthy and expensive, with numerous points at which appeals can be made.

It is the opinion of the Committee that the mutual agreement method for constructing drainage works can be highly advantageous to farmers, in terms of both cost and time. For this reason the Committee believes this method should be widely publicized within Ontario's farming community. The Ministry of Agriculture and Food, therefore, should make every effort to make better known the comparative advantages of the mutual agreement method of drainage construction as opposed to the requisition and petition methods.

Your Committee recommends that:

- 13. The Ministry of Agriculture and Food seek ways to make the mutual agreement method of drainage construction better known within Ontario's farming community.**

As anyone who has gone through the petition process of drainage construction knows, this process can be highly complicated and cumbersome. The Committee feels that the Drainage Tribunal, in co-operation with the Ministry of Agriculture and Food, should make every effort to simplify the petition process. In addition, the Committee learned that the process can be further slowed when certain matters are referred to the Drainage Referee, whose decision-making can create bottle-necks in the appeal process.

Your Committee recommends that:

- 14. The Ministry of Agriculture and Food undertake to streamline the petition process and when matters are referred to the Drainage Referee.**

It has come to the Committee's attention that when certain drainage systems are constructed, particularly municipal drains, often water or soil conservation features are built in to the drainage works. When such projects are assessed it is the practice that the farmers are not only assessed with respect to the benefits they receive from the drainage works, but also for that part of the project that has a water or soil conservation component to it. The Committee is of the view that when these types of drainage projects are assessed the conservation component should not be charged to farmers. Instead, an argument can be made that the Ministries of the Environment and of Natural Resources, both of which have a direct interest in conservation matters, take on financial responsibility for the conservation component of a drainage system. Since conservation is done for the benefit of all, the Ontario Government has a responsibility to participate in the financing of such works. As to how this financial responsibility should be apportioned, the Committee believes that the Engineer hired to assess the project could make this evaluation.

Your Committee recommends that:

15. Where a drainage system incorporates conservation features, the cost thereof should be apportioned to the Ministry of Natural Resources or the Ministry of the Environment as the case may be.

Finally, the Committee learned that sections of the Tile Drainage Act dealing with the jurisdiction of the Drainage Tribunal have as not yet been proclaimed. The Committee asks the Ministry to consider whether it is not now the time to proclaim section 3 of the Act.

LIQUOR LICENCE BOARD OF ONTARIO

The Liquor Licence Board of Ontario is constituted under the Liquor Licence Act. Although this has been a provincial responsibility since 1867, not until 1946 did the Province create the Liquor Licence Board. In 1975, the Board was reorganized as a Crown Corporation with several responsibilities: to issue, transfer and revoke liquor licences for such establishments as restaurants, hotels and clubs; to monitor all forms of alcoholic beverage advertising; to issue Ontario Photo Cards; to inspect, under the authority of the Hotel Fire Safety Act and the Ontario Fire Marshal's office licenced premises; to issue licenses for manufacturers of beer, wine and spirits and register their sales agents; and to inspect all movie theatres on behalf of the Theatres Branch of the Ministry of Consumer and Commercial Relations.

The Board is constituted as a corporation to which the Corporations Act does not apply. It consists of seven members appointed by the Lieutenant Governor in Council; one member is appointed Chairman and one or more members are appointed as Vice-Chairmen. At present there is one Vice-Chairman. Board Members hold office for five years, though they may be appointed for further successive five-year terms.

The Chairman is the chief executive officer, and is required to devote his full time to the work of the Board. The other members of the Board are required to devote only such time as is necessary to fulfil their responsibilities as members of the Board.

The Board is given power to appoint officers, inspectors and other employees. At present, there is a staff of 176. The Board is given the authority to determine their salaries, remuneration and terms and benefits of employment. The employees of the Board are made a bargaining unit subject to the Crown Employees Collective Bargaining Act.

The Board is given overall responsibility to control the distribution of alcohol and liquor in Ontario. To achieve this objective, the Board is given specific powers and duties. The Act requires that anyone selling liquor or

soliciting orders for the sale of liquor must obtain a licence from the Board. Ordinarily the person applying for a license is granted such a license, except where:

- (a) having regard to his financial position, the applicant cannot reasonably be expected to be financially responsible in the conduct of his business;
- (b) the applicant is not a Canadian citizen or a person lawfully admitted to Canada for permanent residence and ordinarily resident in Canada;
- (c) the applicant is a corporation and,
 - (i) having regard to its financial position, it cannot reasonably be expected to be financially responsible in the conduct of its business, or
 - (ii) the past conduct of its officers or directors or of a shareholder who owns or controls 10 per cent or more of its issued and outstanding equity shares as determined under section 19 affords reasonable grounds for belief that its business will not be carried on in accordance with law and with integrity and honesty, and
 - (iii) a majority of the members of the board of directors are not Canadian citizens or persons lawfully admitted to Canada for permanent residence and ordinarily resident in Canada;
- (d) the past conduct of the applicant affords reasonable grounds for belief that he will not carry on business in accordance with law and with integrity and honesty;
- (e) the applicant is carrying on activities that are, or will be, if the applicant is licensed, in contravention of the Act or the regulations;

- (f) the premises and accommodation, equipment and facilities in respect of which the licence is issued do not comply with the provisions of the Act and the regulations applicable thereto;
- (g) in the case of an application for a licence, the issuance of the licence is not in the public interest having regard to the needs and wishes of the public in the municipality in which the premises are located.

In addition to the above qualifications for obtaining a licence, there are certain situations where a licence cannot be obtained. Thus, the Act states that no licence can be given,

- (a) to a person who has an agreement with any person to sell the liquor of any manufacturer;
- (b) to a manufacturer of liquor, or his agent, or to a person who is so associated or connected therewith, or financially interested therein, as to be likely to promote the sale thereof;
- (c) to a person who by reason of any agreement, arrangement, concession, obligation or understanding, verbally or written, or direct or indirect, with any other person is, or by reason thereof may be likely to promote the sale of liquor of any manufacturer; and
- (d) for premises in which a manufacturer of liquor has an interest, whether freehold or leasehold, or by way of mortgage or charge or other encumbrance, or by way of mortgage, lien, charge upon any chattel property therein and whether such interest is direct or indirect or contingent or by way of suretyship or guarantee.

The same conditions and qualifications apply where the applicant is seeking a transfer of a licence.

The Board also has authority to issue a licence, subject to the approval of the Minister of Consumer and Commercial Relations, to a manufacturer of spirits, beer or Ontario wine in order that the manufacturer can keep for

sale, offer for sale, or sell such spirits, beer, or wine to the Liquor Control Board of Ontario. The manufacturer, in seeking that license, is not required to meet the requirements set out above.

One more hurdle has to be cleared before a license can be issued. If, in the Board's opinion the issuance of a licence is in the public interest as gauged by the wishes of the public in the particular municipality, then the Act requires that the Board advertise twice the fact of the application in the area where the licenced premises are to be located. The advertisement must indicate that anyone can come forward at a public meeting to express his or her views on the proposed application.

The Board or a member or members designated by the Chairman must hold a public meeting to hear the representations of the public and take into account these views when deciding whether to issue a licence.

In 1984, the Legislature passed two amendments to the Act. The first amendment stipulates that if the Board has refused a licence on the basis that it is not in the public interest to grant a licence having regard to the wishes of the local residents, then no further application for the same premises can be made for two years. However, where the Board determines that circumstances have changed significantly it can permit a re-application within the two year period.

Licences ordinarily expire every two years, subject to renewals, and a licence continues until a renewal is granted or, where the Board has proposed to refuse a renewal, until the hearing is completed and the Board has made a final decision.

The Board is also given the power to review a licence at any time and can attach further terms and conditions to the licence. At the same time, the applicant can ask the Board to remove any term or condition if there are changes in the circumstances.

Whether the Board refuses to issue a license or permit, refuses to transfer a licence, refuses to renew a licence, suspends or revokes a licence or permit, attaches terms and conditions to a licence or permit, or refuses to remove a term or condition of a licence or permit, it must serve notice of its proposal along with written reasons on the person affected. The notice must include the advice that those affected by the Board's decision are entitled to a Board hearing, and the individual has fifteen days within which to ask for such a hearing.

The Act requires that the hearing by the Board must be conducted by two or more members of the Board and the Board is required to fix a time and place for the hearing and to notify the applicant or other person affected by the application. Those served with the Board's notice are deemed to be parties to the hearing. Once the Board has held its hearing, it must notify in writing the parties of its decision and the reasons for that decision.

An appeal from a decision of the Board lies to the Commercial Registration Appeal Tribunal (which is an amalgamation of the CRAT tribunal and the Liquor Licence Appeal Tribunal).

Where a complaint or accusation is made under oath that someone has contravened the Liquor Licence Act or committed an offence under the Criminal Code or other law of any jurisdiction that has relevance to that person's fitness to have a licence or permit, the Board has the discretion to appoint one or more persons to make an investigation and report to the Board. The person or persons conducting the investigation have the power to enter premises, examine books, inquire into negotiations, and loans and have the powers of commission under Part II of the Public Inquiries Act. The person conducting the investigation can also obtain a search warrant to carry out his or her investigations and can remove books and documents in order to copy them. The Board has the discretion to appoint experts to examine such books and documents.

The Board also possesses a general power to designate someone to enter premises in order to ascertain whether the provisions of the Act and regulations are complied with. No person can obstruct such an investigation or refuse to provide information.

The Board can also authorize a representative of the Board to enter premises of a licensed manufacturer in order to inspect, audit or copy books, documents and papers.

All those who are employed in the administration of the Act, or those who are conducting investigations, must preserve secrecy as to what they have learned, except where they are required to reveal that information as required under the Act or regulations or any proceedings under the Act, or to that person's counsel, or with the consent of the person to whom the information relates.

Under the Act, the Board is given power to issue an order that would prevent anyone selling liquor to a person who has been assessed by the Board to have misspent, wasted or lessened his estate, injured his health, or interrupted the peace and the happiness of the family by excessive drinking. The power to issue such an order is contingent upon the Board holding hearings with the same procedures as if the matter dealt with was a proposal to revoke a licence. The interdicted person must surrender all liquor in his possession to the Board.

The Board has the responsibility to notify managers of government stores and other persons set out in the regulations of the order of interdiction. An interdicted person is prohibited from entering a government store, and no one is permitted to sell or otherwise provide such a person with liquor.

The Board also has the power to set aside the order of interdiction if the person has refrained from drunkenness for at least one year, or where the circumstances do not warrant the continuing of an order of interdiction.

Under the Act, the agents of manufacturers of spirits, beers and wines must register with the Board before they can sell liquor, canvass for, receive, take or solicit an order for the sale of liquor by a manufacturer, or hold himself out or act as an agent for the manufacturer. The applicant for registration is entitled to be registered except where there is evidence that

the past conduct of the applicant affords reasonable grounds that that person will not conduct business in accordance with the law and with integrity and honesty.

The same procedures apply to the granting, suspension and revocation of registration as to the issuance, suspension and revocation of a licence.

The Act requires that no person can advertise liquor or display a public notice that liquor is available for sale except in accordance with the regulations. The Board is given power to order the immediate cessation of any advertising or notice if it believes that such advertising or public notice is in contravention of the Act or regulations. The provisions of the Act with respect to the imposition by the Board of a condition of a licence apply with modifications to the order, that is, appeal lies to the Board.

The Board is also responsible for issuing age of majority cards to those who are nineteen years and over in order that they may be able to prove their age when buying liquor.

Under the Theatres Act, the Board inspectors are authorized to inspect movie theatres.

The Board is required to publish in The Ontario Gazette the results of a vote in a municipality where the question or questions to be resolved is whether that municipality should or should not permit the sale of liquor within its area.

Under the Act, the administrative expenses of the Board are paid out of moneys appropriated for that purpose by the Legislature. In practical terms, this means that the Board's annual financial requirements appear in the Ministry of Consumer and Commercial Relations' Estimates, which are passed by the Legislature.

Since 1980-81, the Board's expenditures have been as follows: 1980-81 - \$7,379,318; 1981-82 - \$7,068,185; 1982-83 - \$6,468,741; 1984-85 - \$4,570,500 (estimate).

The decline in expenditures in 1982-83 reflects the fact that the inspectors acting under the Hotel Fire Safety Act for the Ontario Fire Marshal were transferred to the Ministry of the Solicitor General.

The revenues of the Board come from licence fees and gallonage taxes, moneys which are required to be turned over to the Treasurer. In 1980-81, these revenues came to \$125,623,243, in 1981-82 they were \$169,866,880 and in 1982-83 they were \$210,039,299.

Management Board of Cabinet has classified the Liquor Licence Board of Ontario as a regulatory agency within Schedule I. At the same time, the Board is considered to be an anomalous Schedule I agency in that it is administratively independent and does not appoint staff under the Public Service Act. It is, however, funded through the Consolidated Revenue Fund.

As a Schedule I agency, the Board is required to have a Memorandum of Understanding with the Ministry. At time of writing the Memorandum in existence is dated 1979. A new Memorandum is now being completed.

The 1979 Memorandum sets out the various relationships between the Board and the Ministry. Thus, the Board reports to the Minister through the Chairman and must obtain the approval of the Minister before entering into any formal relationships with regulatory bodies of other jurisdictions. With respect to financial arrangements, the Board is required to prepare multi-year plans and an annual budget to cover its financial requirements for each fiscal year. The staff of the Ministry are required to provide assistance to the Board when the latter prepares multi-year plans, Management By Results forecasts and annual budgets.

The Board shall forward all its plans, forecasts, etc. to the Minister for his approval before forwarding them on to Management Board. Estimates of the Board are presented to the Legislature as part of the Estimates of the Ministry of Consumer and Commercial Relations.

As for administrative relationships, the Memorandum requires the Ministry to provide the Board with a variety of administrative services, at no cost, including assistance in the preparation of plans, budgets, estimates, performance reporting and public accounts, advice with respect to personnel matters and any other administrative support services as have been agreed. This Ministry support, however, is not to be considered as lessening the Board's responsibility for making the financial decisions with respect to these matters.

The Memorandum stipulates that while the Board must conform to the collective agreement with the L.C.B.O.-L.L.B.O. Employees' Association on other personnel matters, the Board seeks to follow the Manual of Administration.

With respect to control and reporting, the Memorandum requires the Chairman of the Board to provide the Minister and Deputy Minister with monthly management reports, information and advice, quarterly Management by Results and monthly variance reports, and summaries of Board minutes. Moreover, the Board has an obligation to advise the Minister on issues that may be raised in the Legislature, and to appear before Cabinet and its Committees when requested.

Audits of the Liquor Licence Board are to be conducted by the staff of the Liquor Licence Board Internal Audit unit, and the Board is to follow the Ministry's Financial Policies and Procedures with respect to reporting to the Provincial Auditor. It should be pointed out that the Liquor Licence Act makes no provision for the auditing of the Board by the Provincial Auditor.

The Board is also required to submit its accounts to the Ministry for verification of the legality of payments and proper exercise of financial controls.

Recommendations

In reviewing the Liquor Licence Board of Ontario, the Committee explored a number of concerns with the representatives of the Board. The following recommendations are the result of the Committee's deliberations.

In 1981 the staff of the Board fell from 245 to 175 as a result of the transfer of some 70 employees of the Board to the Fire Marshal's Office. This transfer reduced the Board's inspectorate by a significant degree. At the same time, the number of licensed premises has increased each year and in 1984 this number stood at 10,700. In order to fulfill its responsibilities under the Liquor Licence Act, the Board is about to commence biannual rather than annual inspections. It is the Committee's view that the Board will require additional inspectors in order to fulfill its mandate.

Your Committee recommends that:

16. The Liquor Licence Board of Ontario hire additional inspectors in order that it may fulfill its responsibilities under the Liquor Licence Act.

Over the years certain problems have developed with respect to special occasion permits, particularly with section 34 of the regulations. This section deals with fund raising and limits the issuance of permits to those events that will promote the advancement of charitable, educational or religious works or "to serve community needs". This last phrase can be interpreted in a highly subjective manner by the Board. In some circumstances, the Board in exercising its discretion in interpreting this phrase will issue a permit, in other circumstances it will not. In the latter instance applicants will not always concur with the Board's interpretation of what constitutes "community needs" and may feel that the Board's decision has been arbitrary. The Committee is of the view that what constitutes "community needs" requires further elaboration or definition, so as not to place the Board in an invidious position of having to declare some community needs legitimate and others not. Moreover, a clearer definition would be less confusing to the public.

While the Committee does not have a ready definition, it believes that the Board could consult with representative service organizations, municipal bodies, clubs and associations to develop a more comprehensive definition of what constitutes community needs.

Your Committee recommends that:

17. The Liquor Licence Board of Ontario develop a set of guidelines appropriate for a closer definition of "community needs" under section 39 of O. Reg. 581.

Following on the above recommendation, the Committee is of the opinion that other sections of the regulations and the Liquor Licence Act dealing with the different types of premises that can be licenced should be reviewed and changed where appropriate.

Your Committee recommends that:

18. The Liquor Licence Board of Ontario undertake a comprehensive review of the Liquor Licence Act and regulations made under the Act.

Under the regulations to the Liquor Licence Act, stomach bitters in containers of four ounces or less are exempt from certain provisions of the Act. Thus, there is no requirement that the sellers of stomach bitters obtain a licence or permit from the Board, nor do such sellers have to buy their supplies from a government store or from someone licensed by the Board. While the Committee appreciates that control over the sale of stomach bitters, whose alcoholic content can be as high as 40%, is still provided for under the Act so that sales cannot be made to minors and intoxicated individuals, the Committee nevertheless believes that some further control by the Board is appropriate. Thus, consideration should be given to licensing the sale of stomach bitters. This would enable the Board to keep track of the sellers of stomach bitters and would permit the withdrawal of a licence where the seller has made sales to minors or to individuals already intoxicated.

Your Committee recommends that:

19. The sale of stomach bitters be more thoroughly regulated by the Liquor Licence Board of Ontario

As was previously indicated, the Liquor Licence Board of Ontario has been given authority to regulate liquor advertising. The regulations under the Act give the Board wide discretion as to the type of advertising it will permit. It is the Committee's view that in exercising its discretion the Board should seek to eliminate "lifestyle advertising" which depicts the consumption of alcohol as producing a better quality of life for those who consume particular brands of alcoholic beverages. The Committee believes such advertising to be misleading and, when seen by minors, it projects a false impression of adult behaviour.

Your Committee recommends that:

20. The Liquor Licence Board of Ontario endeavor to ban "lifestyle" advertising.

In the course of its deliberations, the Committee learned that the Liquor Licence Board of Ontario was proposing certain changes in the regulations. Thus, for example, the Board has proposed that the present fee of \$20 for a licence be raised to \$100. The Committee is of the opinion that the Board should maintain its present fee structure, but that when the government's restraint program is lifted, the board implement gradual increases in fees over several years.

Your Committee recommends that:

21. The Liquor Licence Board of Ontario maintain its present fee structure, but when it does seek an increase such increases should be introduced gradually.

The Board has also proposed to introduce a new type of licence, a catering licence that would permit caterers to provide alcoholic beverages as part of their catering service. The Committee believes that the introduction of such a licence at this time would be inappropriate.

Your Committee recommends that:

22. The Liquor Licence Board of Ontario reconsider its proposal to introduce a catering licence category in the regulations.

On the other hand, the Committee supports the Board's proposal to relax the requirements for a special permit where a concert hall or theatre conducts special events on a Sunday.

Your Committee recommends that:

23. The Liquor Licence Board of Ontario proceed with its proposal to relax the regulations with respect to Sunday special permits.

With respect to the matter of auditing, the Committee learned that the Board, under its Memorandum of Understanding with the Ministry of Consumer and Commercial Relations, is not required to be audited by the Provincial Auditor. This seems somewhat of an anomaly given that other revenue-generating agencies such as the Liquor Control Board of Ontario, the Ontario Lottery Corporation and Ontario Place Corporation are required to be audited by the Provincial Auditor.

Your Committee recommends that:

24. The Ministry of Consumer and Commercial Relations incorporate within its Memorandum of Understanding with the Liquor Licence Board of Ontario the requirement that the Board be audited by the Provincial Auditor.

In a previous report, the Committee reviewed the Alcoholism and Drug Addiction Research Foundation and learned of the efforts of that agency to study the problems associated with alcohol use. It is the Committee's view that given the nature of the mandates of both agencies, a sharing of information would be invaluable to both organizations. To further such exchanges, it would be appropriate that formal occasions be set aside when representatives of both agencies could discuss alcohol related issues from their different perspectives.

Your Committee recommends that:

25. The Liquor Licence Board of Ontario establish formal exchanges of information with the Alcoholism and Drug Addiction Research Foundation.

Finally, the Committee wishes to direct a recommendation to the Ministries of Education and of Health that courses be established in Ontario's secondary schools dealing with the issue of alcohol use and abuse. This Committee believes that such courses could do a great deal towards educating young people to the social and health risks of alcohol abuse.

Your Committee recommends that:

26. The Ministry of Education in cooperation with the Ministry of Health establish courses in Ontario's secondary schools dealing with alcohol use and abuse.

LICENCE SUSPENSION APPEAL BOARD

The Licence Suspension Appeal Board is constituted under the Highway Traffic Act. The purpose of the Board is to hear appeals where the Minister of Transportation and Communications or an official of the Ministry in exercising their statutory power of discretion decide to impose conditions on a licence or permit, or cancel, revoke, suspend or refuse to issue a licence or permit, or where they revoke registration from someone.

The Highway Traffic Act provides a regulatory framework with respect to such matters as the use and licencing of vehicles on Ontario roads and highways, the licencing of trailer dealers, used car dealers, wreckers, inspection mechanics and vehicle inspection stations, the use of various types of equipment, the setting of standards with respect to the width and weight of various vehicles, the setting of speed limits, the provision of 'rules of the road', as well as related matters.

Your Committee's interest in the Act centers on those sections that deal with licensing and registration. We can identify several sections in the Act that require a person either to have a licence or permit, or to be registered with the Ministry. First, there is a general provision that all motor vehicles within a class of vehicles, defined in the regulations, require a licence to operate. Second, there is a special provision that requires that those who operate a vehicle towing a trailer have a licence. Third, those who deal in motor vehicles, trailers, and used cars and wreckers must have a licence to operate. Fourth, a licence is required by anyone wishing to operate a motor vehicle inspection station. Fifth, driving instructors require a licence to practice, and inspection mechanics have to be registered with the Ministry before they can work.

In each of these instances, the Minister or a specified official in the Ministry, can cancel, suspend, or revoke a licence, permit or registration, or impose conditions on the licence or permit. However, in only three of these cases can the person affected appeal to the Board. In two instances, the second and third, there is no appeal to the Board if the Minister cancels, suspends or revokes a permit or licence.

The Board can be composed of three or more members appointed by the Lieutenant Governor in Council. At present there are ten members, with one vacancy, and one Chairman. Three members constitute a quorum.

Remuneration is set as follows: the Chairman receives \$210 per day, Vice-Chairman \$157.50 per day and members \$131.25 per day.

Under the Act, the Lieutenant Governor in Council is authorized to make regulations prescribing the duties of the Board, the fees to be paid on applications for appeal and the rules of practice and procedure before the Board.

In 1983, the Board held 31 hearings to consider 78 appeals.

An appeal to the Board is launched by written notice, accompanied by a fee of \$25 payable to the Treasurer. Once the Board receives the notice, it must notify the Minister or the Registrar, depending on the circumstances, and at the same time the appellant is required to provide the Board with all the relevant documents and materials in his or her possession. The Board has thirty days in which to notify the appellant of the time and place of the hearing, though this period can be extended if the person affected consents to a longer period of time. The appellant does not have to appear in person and can make a written submission.

At a hearing, the appellant can adduce evidence either by himself or through counsel. However, such evidence can only pertain to such matters in the possession of the Minister or Registrar with respect to the matter under appeal. The Board may confirm, modify or set aside any decision made by the Minister or Registrar.

After the hearing is completed, the Board is required to send by registered mail the Board's decision and its reasons to the appellant. There is no time set for notifying the appellant of the decision, only that it be done when conveniently possible.

Where the person affected by the Board's decision wishes to make a further appeal, he or she can do so to a judge of a county or district court. The person affected has thirty days from the time of receiving the Board's decision to appeal to the courts.

Under the Act, motor vehicle inspection stations must be licenced before they can operate, and mechanics working in such stations must be registered. The Director of Vehicle Inspection Standards in the Ministry is responsible for assuring both requirements.

Where the Director issues a licence to a station or garage, but the licensee objects to the conditions attached to that licence, the person can appeal the Director's conditions to the Board. The Board may affirm the conditions of the licence, cancel such conditions or prescribe other conditions.

Where the Director proposes to refuse to issue a licence or refuses to renew a licence, or refuses to register a mechanic or revokes a licence or registration, the person affected is entitled to be served with a notice of the Director's intention along with the Director's reasons for making his decision. The notice which must be sent to the licence applicant, the licensee or the registrant, or the proposed registrant, as the case may be, must indicate that the affected person is entitled to a hearing by the Board if within 15 days he or she writes to the Director and the Board asking for a hearing by the Board. The Board, in its discretion, can extend the time for giving notice of a request for a hearing.

If the affected person requests a hearing, the Board is required to appoint a time for such a hearing, though the Act does not specify the time within which the hearing must be held. The Board is given power to order the Director to carry out or not to carry out his proposal and to take such action as is appropriate. In so doing, the Board can substitute its opinion for the Director. A licence runs until its expiry date or until the Board has made its decision with respect to an appeal.

Under the Act, the period between a notice of a hearing and a decision of the Board can be used by the appellant to comply with the requirements of the Act.

Any party to the Board's proceedings has the right to examine, before a hearing is held, any written or documentary evidence that will be produced at a hearing. For their part, Board members are prohibited from taking part in any preliminary investigation of the matter before the Board and can only communicate to the parties to the proceedings if notice is given and all parties have the opportunity to participate in a preliminary discussion. This general prohibition does not prevent the Board from seeking legal advice, but such advice must be made known to the parties. Moreover, no member of the Board can participate in the Board's decision in a case unless that member was present during the hearings and heard the evidence. All members of the Board assigned to a case must participate in the decision, unless the parties consent otherwise.

All oral evidence taken at a hearing is required to be transcribed and is available on the same terms as in the Supreme Court.

The Board is required to hear evidence on the same basis as sections 15 and 16 of the Statutory Powers Procedure Act.

Any party to the proceedings can appeal a Board's decision or order to the Divisional Court.

The Licence Suspension Appeal Board is designated as a regulatory agency within Schedule I of Management Board's classification system. The Board is required to have a Memorandum of Understanding with the Ministry of Transportation and Communications.

The existing Memorandum includes among its provisions a requirement that all appointments to the Board are for three years, subject to renewal, and that three members constitute a quorum, with one being the Chairman or Vice-Chairman.

With respect to administrative arrangements, the Board is required to adhere to the policies and practices of the Manual of Administration where they are appropriate.

As for the financial matters, the Memorandum stipulates that all funds to operate the Board, including the remuneration of the members, are to come from the Ministry. Where the Board is required to collect fees from appellants, the Board is required to forward these moneys to the Treasurer through the Ministry. The documentation with respect to fees to the Board must be kept on file for the purpose of a Ministry audit.

With respect to the day-to-day operations of the Board, the Ministry is required to provide the hearing facilities, equipment and all administration and secretarial services, in order that the Board may process applications, hold hearings, record proceedings, maintain files and answer inquiries.

The Board is not required to submit an annual report. However, the Chairman of the Board and the Minister with his senior staff can meet when the need arises to discuss administrative and procedural issues.

Moneys to sustain the operations of the Board are provided by the Ministry of Transportation and Communications and the expenditures of the Board form part of the Ministry's budget. The estimates of expenditures for 1983-84 were \$39,800.

As has been already mentioned, the fees the Board collects with respect to applications are turned over to the Treasurer.

Recommendations

The Licence Suspension Appeal Board has jurisdiction to hear appeals where a person for reasons of poor health has had his or her licence suspended or downgraded from one class to another. In the case of a suspension, the person affected is deprived of using the particular vehicle for which a

licence was initially issued; and, in the second case, the person is usually allowed to drive one particular type of vehicle and no other. As was explained to the Committee, the reasons why a person would have these limitations imposed on them is due to the fact that the health condition of the person affected is serious enough to make them a hazard on the road. When the matter comes before the Board, the Board can alter the decision of the Minister of Transportation and Communications if the person can show that their condition has stabilized, and that the health problem is not as critical as first indicated.

There is, however, a middle ground where the person's condition has not substantially improved but where the person would like to drive a particular vehicle in a very restricted area and for special purposes. This person would not wish to have a general licence permitting him or her to drive anywhere, at any time.

Under the Highway Traffic Act, there is no provision for the Board to decide that a person's licence should be returned with the provision that it be a restricted licence, permitting the driver to use his vehicle in a certain designated area, perhaps at certain times of the year, under certain prescribed conditions. The Committee believes that the Board should have discretion to prescribe such restrictions on licences.

Your Committee recommends that:

27. The Highway Traffic Act be amended to permit the Licence Suspension Appeal Board to impose restrictions on licences.

Following on this recommendation, the Committee believes that the Board should monitor those individuals who have been given a restricted licence. The Board could, for example, make arrangements with the local police force asking it to report periodically on an individual's progress. Where an abuse of the restricted licence has been reported to the Board, it could order an immediate suspension of the licence.

Your Committee recommends that:

28. The Licence Suspension Appeal Board monitor those with restricted licences.

Under the Highway Traffic Act where an individual applies for a driving licence in the first instance, he or she has no right of appeal to the Board if that licence is denied for health reasons. The Committee is of the opinion that just as someone can appeal to the Board after a licence is issued so a person should be able to appeal when a licence is denied for health reasons on the first application.

Your Committee recommends that:

29. The Highway Traffic Act be amended to permit someone who is denied a licence for health reasons to appeal to the Licence Suspension Appeal Board where the denial is made on a first application for a licence.

The Committee learned that when an appellant makes his submission before the Board, he or she is asked to furnish supporting medical evidence, usually from his or her own doctor. However, the doctor can send his evidence to the Board directly, bypassing the appellant entirely.

The Committee is of the opinion that in all instances the appellant should be responsible for providing the Board with all medical documentation. This approach ensures that all such documentation will arrive at the Board at the same time, and affords the appellant the opportunity to familiarize himself or herself with the particulars of his or her case prior to any appearance before the Board.

Your Committee recommends that:

30. The Licence Suspension Appeal Board make it a requirement of an appeal that all medical documentation should be submitted by the appellant.

The Committee also wishes to comment on the qualifications of those who seek and obtain motor vehicle inspection station licences and driving instructor licences. The Committee believes that in both cases there has been some public apprehension as to whether some of those persons who have received such licences are in fact performing to the highest standard. There is some evidence of abuse of the licencing system. Thus, with respect to motor vehicle inspection stations, the certificate they issue is often used to mislead the public as to the road worthiness of a vehicle. And in the case of driving instructor licences, the qualifications of those who possess such licences is often in doubt. Under these circumstances it would seem appropriate, to the Committee, that the Ministry of Transportation and Communications undertake a review of the qualifications and standards required of those applying for such licences to ensure that those who receive such licences conduct their business with the highest integrity and professionalism.

Your Committee recommends that:

31. The Ministry of Transportation and Communications undertake a review of the qualifications for those seeking motor vehicle inspection station licences and driving instructor licences.

ASSESSMENT REVIEW BOARD

The Assessment Review Board is constituted under the Assessment Review Court Act as amended by the Assessment Appeals Procedure Structure Law Amendment Act which changed the name of the Court to the present Board. The Board's principle objective is to ensure the equitability of property assessment for municipal taxation.

The Board is composed of a Chairman, a Vice-Chairman and as many members as the Lieutenant Governor in Council appoints. At present there are 70 part-time members and three full-time members. The full time members are salaried and are governed by the Public Service Act and the Public Service Superannuation Act. The part-time members are paid \$27.50 per hour.

One member of the Board is sufficient to constitute a quorum and to exercise all the powers of the Board. The Board is given the power to make rules governing its practice and procedures. The Board, however, is required to hold sittings in areas where complaints originate, and the municipality is required to provide the Board with the necessary accommodation.

As is established by the Act, all real property is liable to assessment and taxation. The Act further stipulates that all property not exempted from assessment and taxation must be placed on an assessment roll for each municipality in Ontario. Each municipality must make an annual assessment between January 1 of any year and the third Tuesday of December of any year. Once the assessment roll has been completed, the Assessment Review Board is required to hear all appeals with respect to the year for which the assessment has been made. After all the appeals have been heard, the Board's regional registrar then certifies the roll for each municipality.

The Act stipulates that any person, municipality, or school board can complain, in writing, to the Board indicating whether an assessment was too high or low, whether a person was wrongly placed on the roll or omitted, or whether a person was wrongly placed or omitted from the roll as a public or separate school supporter.

The person making the complaint is required to state his or her name and the address where notices can be sent. The complainant must also send his complaint to the regional registrar of the Board within twenty-one days after the completion of the assessment roll and its return to the municipality. It is possible that third parties can make a complaint against another person. When this occurs, that complaint must include the name and address of the person complained against and the complainant must send within twenty-one days the complaint to the person complained against. After receiving the complaint, the regional registrar of the Board is required to send a copy to the assessment commissioner, this person being responsible for ensuring the accuracy of the assessment roll.

The regional registrar of the Board is required to issue a notice to the parties to a hearing at least fourteen days before the date of the hearing. At that hearing, the parties that will be recognized by the Board are: the assessment commissioner, the municipality and all persons who have made a complaint and who have been complained against. The Board, at its discretion, can add any other person to the list of participants.

Further procedures for the Board to follow are set out in O. Reg. 418/84. Under this regulation, the Board is given the discretion to call, by notice, a pre-hearing meeting at which the following matters can be decided on:

- a) defining the matters at issue between the parties;
- b) estimating the duration of the hearing;
- c) fixing a date for a hearing;
- d) determining whether a summons to a witness should be issued; and
- e) determining any other matter that may aid in the disposition of the complaint or appeal.

The Board is also given the power to decide whether the appeal or complaint should be abandoned when, after providing notice of a hearing, the complainant or appellant fails to appear and does not provide a written submission and there is not sufficient evidence to enable the Board to

consider the matter. However, the Chairman or Vice-Chairman is given the discretion to reschedule the abandoned appeal or complainant, if on a motion it is shown that particular circumstances caused the appellant or complaint not to appear or provide a written submission.

The regulation also requires that at the beginning of a hearing, the parties to the hearing confirm the roll number, the name of the assessed person, the municipal address and the amount of assessment of every property that is subject of the complaint or appeal. There is also provision for the Board to hear a case where it has received a complaint after the specified time, or where the appellant convinces the Board that he or she did not receive a notice of assessment.

The Board is given wide discretionary powers to issue any directions that will resolve the matter before it in a just manner, and no formal objection can defeat any Board proceeding. The Board has power to permit any amendment that will resolve the matter before it.

At the commencement of a hearing, when the basis of the complaint is the value on which the assessment was made, the assessor is required to explain the manner in which the assessment was made and the complainant has the right to explain his or her complaint. If, during the hearing, the Board is apprised of the fact that serious errors in the assessment roll were made, the Board can correct the roll and provide further opportunity for complaints.

The Assessment Review Board, when making an assessment of value, must make references to the value at which similar real property in the vicinity is assessed, and if the Board considers the assessment inequitable it has the power to make an adjustment provided that the adjustment is not inequitable. After the hearing, and when the Board has heard all the evidence and submissions, the Board is required to make a determination and, where the complainant centers on value, the Board must determine the amount of the assessment.

The decision of the Board must be forwarded by the regional registrar to the clerk of each municipality and the clerk is required to alter the assessment roll in accordance with the Board's decision and, in the process, total the amounts of the assessments. Once this process is completed, the assessment roll becomes valid and binding on all parties.

The decision of the Board can be appealed to the Ontario Municipal Board. The person making the appeal must notify the Assessment Review Board and the regional registrar of the Board must notify the other parties of the appeal to the OMB, as well as to the OMB. The OMB is required to hear the case de novo.

At the same time that a particular case is heard by either the Assessment Review Board or the Ontario Municipal Board, action can be taken in the Supreme Court or the county or divisional Court. Any judgement of these courts is binding on the Assessment Review Board or the Ontario Municipal Board.

As a regulatory agency within Schedule I of Management Board of Cabinet's classification system, the Board is required to have a Memorandum of Understanding with the Ministry responsible, in this case the Ministry of the Attorney General. The existing Memorandum outlines, among other things, the roles of the Ministry and the Board. Thus, it makes the Chairman of the Board responsible for the management and control of the Board's programs and operations. With respect to administrative and budgetary matters, the Chairman of the Board is required to report to the Attorney General. For its part, the Ministry is responsible for providing the Board with all information and data on administrative and financial policies of the Ministry that may affect the Board. On major administrative budgetary policies, the Board and the Ministry are expected to share information.

With respect to financial arrangements, the Board is required to prepare estimates of expenditures for inclusion in the annual estimates of the Ministry, and the Ministry can alter the Board's estimates in consultation

with the Board. The Board is also required to abide by the Ministry's Manual of Administration and the Ontario Manual of Administration with respect to accounting, financial management and administrative policies.

The Memorandum also stipulates that the Board has access to the Ministry's administrative and financial services, particularly accommodation planning, affirmative action, audit services, communications, financial services, human resources, information and computer systems, legal services, and program analysis and implementation services.

As for administrative arrangements, the Board is required to follow the management policies established in the Ontario Manual of Administration and the Ministry Manual of Administration. The Board is also required to submit to the Ministry all matters that need central agency approval and the Ministry will provide the Board with all approvals. When there is a matter that requires Cabinet approval, the Board must first submit the matter to the Ministry for its approval.

When staff of the Board are appointed under the Public Service Act, the personnel policies of the Board must be in keeping with the policies of the Civil Service Commission as well as the Ontario Manual of Administration and the Ministry's Manual of Administration.

The Ministry has the discretion to determine what reports it requires from the Board, and when and to whom such reports will be sent.

Finally, the Memorandum requires that the Board be subject to the Ministry's Audit Branch and the Provincial Auditor.

Funds needed for the operation of the Board are appropriated by the Legislature as part of the Ministry of the Attorney General's yearly estimates. Under the standard accounts categories, the Board's expenses in the last three years were as follows: 1983-84 - \$3,512,000; 1982-83 - \$13,480,100; 1981-82 - \$3,104,500.

These costs, however, do not represent the total costs of the Board, since a wide variety of services are provided by the Ministry and appear as part of the Ministry's expenditures.

Recommendations

The Committee was apprised of the fact that in recent years the number of appeals heard by the Board has averaged at about 160,000. This very high figure would suggest that the appeal process has been overextended. In the opinion of the Committee this figure indicates that the entire assessment process is either not well understood by the public or that those responsible for assessments are creating inequities in the system. Moreover, the Committee observes that for a variety of reasons, not necessarily the fault of the Board, most of the appeals are jammed into a 100-200 day period, creating an assembly-line atmosphere. In some cases, this situation is aggravated by some Board chairmen who appear to be inadequately prepared to deal with the complex issues involved in a particular appeal.

In order that the appeal process may be made more efficient and equitable, the Committee wishes to make the following recommendations.

It is evident to the Committee that a great many people are not sufficiently knowledgeable about the assessment and the appeal processes to be able to prepare themselves adequately for an appeal hearing. The Ministry of the Attorney General has prepared a guide on how to appeal residential property tax assessment. However, given that the Ministry of Revenue is responsible for tax assessment it would not be evident to most people that they should ask for such a guide from the Ministry of the Attorney General. Moreover, while the guide makes the process relatively simple, it does not provide adequate detail as to the assessment process or how appeals should be prepared. The Committee, therefore, feels that a new guide should be created by the Ministry of Revenue in conjunction with the Assessment

Review Board. Using the knowledge of the Ministry's assessors and the Assessment Review Board, a more detailed guide could be created, providing comprehensive information on the assessment and appeal processes.

Your Committee recommends that:

32. The Ministry of Revenue in conjunction with the Assessment Review Board create a new detailed and comprehensive guide to the residential property tax assessment and appeal processes.

In order to make the assessment appeal process as open as possible, the Committee is of the opinion that the Assessment Review Board should publish its most notable or precedent-setting cases. The public would have a better understanding of the Board's approach to various problems, with respect to assessment, and would have a better idea of how to prepare for a Board hearing. The Board itself could use its published precedents for reference to ensure consistent and equitable decisions.

Your Committee recommends that:

33. The Assessment Review Board annually publish a report containing what it considers to be its most notable and precedent-setting cases.

In reviewing the Assessment Act, the Committee observed that section 30 provides an opportunity for members of the public to discuss the assessment roll with an assessment commissioner or an assessor, and section 31 permits an assessment commissioner to correct any defect, error, omission or misstatement in any assessment and to alter the roll accordingly. In view of the large number of appeals the Board has to deal with every year, the Committee feels that this informal review process could be more effectively utilized by the public to resolve any disputes or disagreements. Greater publicity could be given to this avenue of redress, and the process itself could be formalized. Thus, opportunity could be given to the public to present the same documentation that someone would present to the Board,

but in this instance would be presented to the assessment commissioner. If this approach were to be adopted, the Committee believes fewer cases would go to the Assessment Review Board for appeal.

Your Committee recommends that:

34. The Ministry of Revenue afford greater opportunity to the public to have their assessments reviewed by assessment commissioners under sections 30 and 31 of the Assessment Act, and that this process be formalized.

HEALTH DISCIPLINES BOARD

The Health Disciplines Board is constituted under the Health Disciplines Act, enacted in 1974, to provide for the self-governing of the health disciplines of dentistry, medicine, nursing, optometry, and pharmacy. As enunciated in 1974 by the then Minister of Health, the Act

ensures that the activities of the health disciplines are effectively regulated and coordinated in the public interest. It also ensures that appropriate standards of practice are developed and maintained and that rights of individuals to services provided by health disciplines of their choice are safeguarded.

Each health discipline is constituted as a College with a governing Council, board of directors and committees, each with its own legislated responsibilities and duties. The role of the Board in this scheme is to act as an independent body with two separate functions: to review decisions of the Complaints Committees of the Colleges covered by the Act, and to hear or review proposed decisions of the registration committees of the Colleges to refuse to grant registration or to attach terms, conditions or limitations to a registrant.

Under the Act, the composition of the Board is to be between five and seven members appointed by the Lieutenant Governor in Council for terms of three years. At present, there are seven members including the Chairman and Vice-Chairman. A majority of members of the Board constitutes a quorum for decision making purposes. To insure that the Board is independent and serves the public interest, the Act stipulates that no member of the Board can be a civil servant, a member or former member of a governing Council, or someone who was or is registered under the Act as practicing in one of the health disciplines.

On the other hand, the staff of the Board can be civil servants, and at present four civil servants from the Ministry of Health's Health Boards Secretariat provide administrative support services to the Board.

Each of the health disciplines covered by the Act -- dentistry, medicine, nursing, optometry, and pharmacy -- are required to establish a number of committees, including a Registration Committee and a Complaints Committee. Decisions reached by each of these committees are subject to review by the Board. The procedures of the Board, however, are different depending on whether the review results from a complaints or registration committee.

a) Complaints Procedure

Under the Act, each College's Complaints Committee is required to investigate complaints from the public or from the members of a particular health discipline. Where the Complaints Committee has dealt with a complaint, it can refer the matter to the Discipline or the Executive Committee depending on whether the matter required the imposition of some disciplinary ruling or raises the issue of registration. Once the Complaints Committee has made its decision, that decision is forwarded to the Registrar of the particular College who in turn is required to send to the member of the College complained against and the complainant a copy of the decision made by the Complaints Committee. The Registrar must notify the parties that this decision can be reviewed by the Health Disciplines Board.

The Act provides that if either the complainant or the person complained against is not satisfied with the decision of the Complaints Committee, where that decision either recommends no action be taken or that some action be taken, then the decision can be forwarded to the Board for review. The exception is where the Complaints Committee recommends that the Discipline Committee review the matter.

The member complained against and the complainant have twenty days within which to request a review by the Board. The Board then has fifteen days within which to receive from the Registrar of the College the record of the Complaints Committee investigation and other documents that formed the basis of the Complaints Committee decision.

The Board, upon receiving this information, is required to review the Complaints Committee decision. This review can either be in the form of a hearing at which the person complained against and the complainant can present their views or the review may entail the consideration of written submissions from the complainant and the person complained against. In either case, this review by the Board is not a hearing as defined by the Statutory Powers Procedure Act. This could mean that the Board could review the evidence in camera or in public, or that there might be no right of cross-examination. It is the practice of the Board to hold all such reviews in camera. In other words, the Board has complete discretion as to how it will conduct its review. In this regard it has discretion as to whether it will permit a patient who has lodged a complaint to see his medical file if that file was produced during the Complaints Committee investigation.

As far as the Board is concerned, it has three objectives in conducting its review:

1. Has the Complaints Committee conducted a full investigation of the complaint?
2. Was the decision reached reasonable in the light of the investigation?
3. Has it protected the public interest?

Moreover, in making its decision the Board does not pass judgement on clinical matters but rather on fact, attitude, communication, and credibility.

If for whatever reason, a Complaints Committee has not dealt with a complaint within sixty days after the complaint is made, the Board can be asked to require the Complaints Committee to make the investigation. If the Complaints Committee does not undertake such an investigation and has not reported to the Board within sixty days after the Board made its request, then the Board itself can investigate the complaint and in so doing it possesses all the powers of the Complaints Committee.

After the Board has conducted its investigation and review, it can refer matters to the Complaints Committee, or make such recommendations to the Complaints Committee as it considers appropriate, or it can require the Complaints Committee to take such action as the committee is required to do under the Act.

The Act does not stipulate the length of time by which the Board must make a decision. Where it does decide, the Board has made it a practice to release the entire text of its decision with the names, institutions and locations deleted.

b) Registration Procedures

The procedures of the Board when it reviews denials of registration proposed by a particular College's Registration Committee are different from its procedures when it is dealing with complaints.

Registration is in fact the process of licencing someone to practice in a particular health discipline. It is the responsibility of each College's Registration Committee to determine the eligibility of the applicants to receive a licence. Where a Registration Committee proposes to refuse a licence or proposes to attach terms, conditions or limitations to a registration, the applicant or registrant is given notice of this proposal, as is the Board. This notice also informs the person that he or she is entitled to a hearing by the Board.

Procedures with respect to a review by the Board of registration matters differ somewhat from those it must follow with respect to complaints. Thus, an applicant for registration or a registrant has the right to examine before a Board hearing any written or documentary evidence or report that will be produced at the hearing.

Members of the Board cannot take part in any investigation of the subject-matter nor communicate with any party to a hearing unless opportunity is given to all parties to participate. However, the Board

can seek legal advice, and that legal advice must be made known to all the parties involved in the hearing. The hearings of the Board with respect to registration matters are required to be held in camera, though the person involved in the hearing whose conduct is being investigated can ask for a public hearing. All oral evidence taken at a Board meeting is required to be recorded and copies can be provided to the parties at their own cost. Any member of the Board who has not participated in a hearing cannot be involved in making the final decision. Documentary evidence provided by a person shall be returned to that person in a reasonable period of time.

After the hearing, the Board can confirm the proposed decision of the Registration Committee, require the Registration Committee to permit the applicant to take qualifying examinations or additional training or both; or require the Registration Committee to direct the Registrar of the particular College to register the applicant subject to conditions imposed by the Board in cases where the Board finds that the applicant meets the requirements and the Registration Committee has acted improperly; or the Board can refer the matter back to the Registration Committee for further consideration.

The Registration Committee, the applicant or registrant are parties to the Board's proceedings and can appeal a Board's decision or order to the Divisional Court.

Management Board of Cabinet classifies the Health Disciplines Board as a regulatory agency within Schedule I. As such, the Board is required to have a Memorandum of Understanding with the Ministry of Health. In addition to reiterating the purposes of the Board as provided in the Act, the Memorandum supplements the Act with certain other provisions. Thus, the Minister is made responsible for making recommendations to the Lieutenant Governor in Council with respect to the appointment of members to the Board. Administratively, the Board is subject to policies established by Management Board as provided in the Manual of Administration. Administrative support services are to be provided by the Ministry's Health

Boards Secretariat. The Memorandum also stipulates that the Health Board's Secretariat is subject to internal Ministry audit, and requires the Board to prepare an annual report for the Minister who is obliged to lay the report before the Assembly.

Since the Board's administrative support services are provided by the Ministry's Health Boards Secretariat, the budget of the Board forms part of the Ministry budget. Over the last four years, the Secretariat's expenditures as they relate to the Health Disciplines Board were as follows: 1980-81 - \$162,000; 1981-82 - \$180,000; 1982-83 - \$221,280; and the estimates for 1983-84 were \$243,400. The 1983-84 figures reflect the fact that in 1984 up to October 31, the Board conducted 134 reviews and 7 hearings.

Recommendations

The Health Disciplines Board was established as an independent body to provide, in broad terms, oversight of the various Colleges' complaint procedures. The legislation clearly establishes that each college is responsible for meting out discipline where cases of professional misconduct have occurred. The Board's role is limited to ensuring that complaints are dealt with seriously and expeditiously. The Board was given no independent authority to sanction or discipline those found to have erred in their professional relationships with patients or clients. While the Committee believes that the Colleges should continue to exercise their disciplinary powers, it nevertheless is of the opinion that the role of the Board itself could be strengthened if it were to adopt the procedure of making public the names of those individuals whom the Board believes should be referred to the College's Discipline Committee. This action would be taken only for the most serious cases.

The Committee is of the view that this action would serve the public interest since it would provide the public with the knowledge of the quality

of professional health services available to Ontario citizens. Moreover, by making public the names of those individuals who have made serious errors in their professional relationships other health professionals would be forced to review seriously their own standards of care and service. The result, the Committee believes, would tend to improve the overall quality of professional health care services in the province.

Your Committee recommends that:

35. The Health Disciplines Board make it a policy of making public the names of those individuals whom the Board has referred to a College's Discipline Committee.

The Committee would add a note that were the Board to adopt this recommendation, the Colleges themselves would be expected to follow suit and make public the names of those individuals who are referred to a Discipline Committee irrespective of whether they were reviewed by the Board.

Another matter of concern to the Committee is the fact that under the Health Disciplines Act the Board is only required to review a complaint rather than conduct a hearing. The Committee was informed that under the review procedure the complainant has the opportunity to make his or her complaint and the person complained against has a right to answer. However, there is no opportunity for cross-examination and no opportunity for the complainant to see all the medical documentation pertaining to his or her case. The Committee believes that there are circumstances when a complainant would wish to have the above-mentioned rights in order to present adequately his or her case. While the Committee commends the Board's initiative in providing the medical file to a complainant at the Board's discretion, the Committee believes that such discretion should be with the complainant. Therefore, it is the Committee's opinion that each complainant should have the option of either choosing a review procedure to have his or her case heard or a full hearing with right to have counsel present, right of cross-examination and full access to all medical files and documentation.

Your Committee recommends that:

36. The Health Disciplines Act be amended to provide for the option of either a review or a hearing by the Health Disciplines Board when dealing with a complaint matter.

Under the Act, the Board has no power to award costs in those cases where a complainant feels entitled to a refund. While the Committee does not believe that the Board should have a broad power to award costs, it is sympathetic to those complainants who have been provided with some medical appliance that clearly is inappropriate or wrongly-fitted. In these situations, the Committee believes that the Board should be able to recommend that the medical professional responsible for providing, installing or fitting such an appliance be required to reimburse or refund to the aggrieved complainant the cost of such an appliance. This recommendation would go to the Complaints Committee of a particular College when the Board refers a matter back to the committee for further action. It would be the responsibility of the Complaints Committee to resolve the matter with the health professional and the complainant.

Your Committee recommends that:

37. The Health Disciplines Board include as a possible recommendation to a College's Complaints Committee that a health professional refund or reimburse a complainant for a faulty or ill-fitted medical appliance.

Finally, the Committee wishes to go on record as being opposed to the Health Discipline Board's view that it should not be subject to the Ombudsman Act. The Board's view is that it acts as a "watch dog" with respect to the health disciplines and to have the Ombudsman's Office then watching the Board is redundant and a waste of resources. While the Committee appreciates the concerns of the Health Disciplines Board, it is of the opinion that were an exception made with respect to this particular Board, other agencies, boards and commissions could make similar

arguments for being excluded from the provisions of the Ombudsman Act. The Committee, therefore, feels that the Health Disciplines Board should continue to be subject to the Ombudsman Act.

Your Committee recommends that:

38. The Ministry of Health take no action with respect to the Health Disciplines Board's request to be excluded from the Ombudsman Act.

III. RESPONSES TO THE 9TH REPORT

It has been the practice of the Committee to follow up its recommendations by asking the Ministers responsible for the particular agency reviewed by the Committee to respond to its recommendations. In its Ninth Report, the Committee reviewed the following agencies:

Animal Care Review Board
 Children's Services Review Board
 Niagara Parks Commission
 Niagara Falls Bridge Commission
 Ontario International Corporation
 Ontario Junior Farmer Establishment Loan Corporation

To date, the Committee has received responses from each of these agencies.

With respect to the Animal Care Review Board, the response of the Solicitor-General to the Committee's recommendations was as follows:

Recommendation

The Ontario Society for the Prevention of Cruelty to Animals Act be amended to give the Animal Care Review Board the power to extend at its discretion the period when an appellant must file his or her appeal before the Board, and that such discretion should not be unreasonably withheld.

In a letter to the Committee dated November 27, 1984, the Solicitor General stated:

I do believe that a longer limitation period for purposes of appeal should be provided to person who feel aggrieved by an order of the Ontario Humane Society. When this Act is again reviewed, we will certainly provide for the amendment suggested.

Recommendation

The Animal Review Board transcribe its proceedings.

In response, the Minister stated:

The cost of having court reporters or stenographers present at all hearings of the Board does represent an increased cost factor. While it is not prohibitive, it has not been found necessary to have this service in the past. I can assure you, and through you, the members of the Committee, that this recommendation will receive every consideration.

Recommendation

The Animal Care Review Board review its procedures to ensure that they are in conformity with the provisions of the Statutory Powers Procedure Act.

The Solicitor-General stated in reply that:

The Statutory Powers Procedure Act does apply to this Board, and I have not been aware of any instances where the provisions of that Act have not been provided to all parties appearing before the Board.

With respect to the Children's Services Review Board, the Minister of Community and Social Services in a letter dated February 18, 1985, made the following responses to the Committee's recommendations:

Recommendation

The Children's Services Review Board be given power to review the Ministry of Community and Social Services officials' discretionary interpretations of the Children's Residential Services Act, the Children's Welfare Act, the Day Nurseries Act and the regulations under these acts.

In reply, the Minister stated that in his opinion there were sufficient review mechanisms established by Bill 77, and that he felt his Ministry staff required "flexibility to make decisions appropriate to the unique contexts within which they operate."

Recommendation

The Children's Services Review Board should be invested with the power to hear appeals with respect to government funding of children's residences under the Children's Residential Services Act and that the Ministry of Community and Social Services make public the amount of government funding received by such operator of a children's residence.

In response, the Minister explained that funding for children's residences was the result of a negotiated agreement between the operator and the Ministry and that this procedure was in his view "the only logical way to determine the level of funding that operators require." With respect to appeals to the Board, the Minister stated that this would be "impractical because the Board could not possibly be provided with the knowledge and background necessary to appreciate the complex factors which are taken into consideration during these negotiations." Moreover, in the Minister's opinion, "legislation does not allow the Ministry to make these financial statements public," since they are "the property of the agency and prepared primarily for the Board of Directors."

Recommendation

All operators of children's residences under the Children's Residential Services Act should have their financial statements audited every year and such audits made public.

The Minister stated that agencies providing children's services provide the Ministry with audited financial statements. As for making these statements public, the Minister indicated that that would require changes in the Business Corporations Act.

Recommendation

The Children's Services Review Board should be permitted to hear appeals from prospective parents who have been turned down in the first instance by the

adoption agency, and that where the matter goes to the Board, the Official Guardian be given the right to be heard.

The Minister indicated that if this recommendation were accepted it would require that the Director of Child Welfare have the power to approve or reject prospective adoptive applicants, and in this case, "my ministry's role would become that of an adoption agency." The result would be, in the Minister's opinion, "a duplication of the CAS role and represent competition for the Societies."

With respect to the Niagara Parks Commission, the Minister of Tourism and Recreation made the following responses to the Committee in a letter dated February 18, 1985.

Recommendation

The Treasurer of Ontario in negotiating the master water agreement with Ontario Hydro ensure that the Niagara Parks Commission receives an adequate sum sufficient to maintain its financial self-sufficiency and which can go toward supporting those projects that are essential.

The Minister stated in response that:

The Committee's support of the Niagara Parks Commission's self-sufficiency is very much appreciated. At the present time Treasury is developing the new master agreement which will govern the future disposition of water rental payments from Ontario Hydro and the Canadian Niagara Power Company. I have been advised that the payment formula which will be included in the agreement will result in the Niagara Parks Commission receiving for the duration of the new contract the same level of income as under the expiring agreement. I am sure that the committee's positive statements about the efforts and activities of the NPC have contributed to the continuation of the present level of funding.

Recommendation

The Ministry of Tourism and Recreation in cooperation with the Niagara Parks Commission consider the establishment of a review procedure where decisions of the Niagara Parks Commission have a major impact on private sector operators.

In response, the Minister stated that:

I have discussed this recommendation with the Commission at some length. It appears to me that the Commission now has an open working relationship with the City of Niagara Falls and the local tourist industry. The Commission has representation on the City's Visitor and Convention Bureau while a member of City Council sits on the Niagara Parks Commission. Two Commission members serve on the City's People Mover Steering Committee and the NPC's Superintendent of Engineering is on the People Mover Technical Committee.

The Commission is very aware of the need to be fully co-operative with the private sector and the municipality. The Chairman assures me that the Commission takes advantage of every opportunity for mutual information exchange and assistance, particularly on matters that may have an impact on the City and the local business.

Given this attitude and practice of co-operation and consultation, I hesitate to accept the recommendation of establishing a formal review procedure.

Recommendation

The Ontario Police Commission review the terms of reference of the Niagara Parks Commission police force as those terms of reference relate to the coordination of the police efforts in the Niagara border areas by the Niagara Parks Commission police, the Niagara Regional police force, the O.P.P., the R.C.M.P. and the customs and immigration personnel.

The Minister responded by stating that:

In August of this year, John MacBeth, Vice Chirman and K.W. Schultz, advisor to the Ontario Police Commission, visited the Niagara Parks Commission's police operation and expressed satisfaction with the quality of police service provided by its force. The Ministry believes the Police Commission has a thorough knowledge of the Parks Commission's police functions.

In addition, concerning the need for co-ordination among the various police forces, I am advised that the senior police personnel of the Niagara border area meet on a monthly basis. This includes representatives from the Niagara Regional Police, the O.P.P., the R.C.M.P. and Niagara Parks Police.

It should also be mentioned that in addition to the Highway Traffic Act mentioned in the Committee's report, the Niagara Parks Police are responsible for enforcing the Niagara Parks Act and the Liquor Licence Act. Neither the Parks Commissioner nor I would have any objection to the Ontario Police Commission reviewing the terms of reference of the Niagara Parks police force.

With respect to the Ontario International Corporation, the Minister of Industry and Trade made the following reply to the Committee's recommendations in a letter dated January 10, 1985.

Recommendation

The Ontario International Corporation devise a method of calculating in a direct way the extent of its success in promoting employment in Ontario.

In response, the Minister stated:

The OIC obtains letters signed by a senior officer from companies which are successful in obtaining international contracts. The letters indicate the value of the contracts, and the employment generated is measured in terms of the fee and product sales influenced each year.

Recommendation

The Ontario International Corporation publish in its annual reports a complete list of those Ontario firms that it has aided in marketing their expertise abroad.

The Minister stated in reply:

The OIC retains a list of companies assisted in their international marketing efforts. However, the nature of the assistance provided can vary from a telephone call to facilitate transactions with a financial institution, financial assistance by way of airfare to a specific market, all the way to active participation by the Corporation in all facets of the process of acquiring an international contract.

Recommendation

The Ontario International Corporation should make every effort to ensure that all Ontario consulting firms have the opportunity to bid on international capital projects.

The Minister responded by stating that:

Every effort is being made to ensure a broad range of Ontario's engineers, architects, management consultants and contractors receive the opportunities that come to our attention. The Corporation's marketing strategy stresses the active encouragement of Ontario firms to bid for international contracts. We are currently conducting a campaign to encourage Ontario consulting firms to register with the World Bank and its affiliates, as a first step.

Recommendation

The Ministry of Industry and Trade in cooperation with the Ontario International Corporation ascertain what mechanisms for coordinating federal and provincial trade policies could be implemented to strengthen the efforts of both levels of government.

In response, the Minister stated:

The Ministry has always worked closely with the Federal Government to minimize duplication and maximize the benefits to Canada from trade policies and programs. The recent federal election has elicited a new spirit of cooperation between the levels of government. We are presently discussing with the Federal Government and other provinces the possibility of developing and coordinating a Five Year Trade Plan for Canada, based on the very successful model we have developed in Ontario.

Recommendation

The Ministry of Industry and Trade ensure the coordination of programs within its Ministry and between it and those agencies that provide assistance to the private sector.

The Minister replies that:

OIC has an administrative linkage with the Trade Division, ODC with the Industry Division, and the Technology Centres, IDEA Corporation and the Ontario Research Foundation all link with the Innovation and Technology Division. Thus, through this means and regular collaboration on planning, policy development and program implementation, we ensure the coordination of services to our clients.

Recommendation

The Ontario International Corporation, in conjunction with the Ministry of Industry and Trade, give serious consideration to expanding the mandate of the Corporation to include the marketing of manufactured goods abroad.

In response the Minister stated:

The Corporation, under its current mandate, is involved in the marketing of goods and equipment where these are part and parcel of a capital project.

The Ministry, as you know, also has the International Marketing Branch which has the mandate to market manufactured products abroad.

Recommendation

The Ontario International Corporation, with the approval of the Ministry of Industry and Trade, become the principle source of information for those Ontario companies seeking financial support for their export ventures.

The Minister responded by stating that:

The Corporation is providing information to companies seeking financial support for export ventures. In order to further strengthen this role, the Corporation has requested the addition of a Financial Officer to its current staff.

Recommendation

The Standing Committee on Procedural Affairs undertake to review the Ontario International Corporation in 1988.

In reply, the Minister stated that:

The Corporation would be pleased to provide any information which would facilitate the proposed review of its operations in 1988.

With respect to the Junior Farmer Establishment Corporation, the Minister of Agriculture and Food made the following responses to the Committee in a letter dated January 17, 1985:

Recommendation

The Provincial Auditor undertake a "value for money" audit with respect to the Ontario Junior Farmer Establishment Loan Corporation to determine whether

the Corporation's administrative responsibilities in servicing existing mortgages could be transferred economically to some other government body.

The Minister replied by stating that:

Frankly, I can see no need for a value-for-money audit. At present the program is administered by three staff members whose combined work time relative to the Corporation is less than one full time position. In addition, the policy direction is provided by three senior staff members who spend less than 20 hours per year each on Corporation business. It is very doubtful that the program could be more efficiently operated by another government body, particularly since farm management expertise is needed in dealing with those farmers requesting assumptions and partial discharges or who are in arrears. Nevertheless, my staff will cooperate with a value-for-money audit should this be required.

With regard to the Committee's comment regarding a return to more stringent collection procedures, the Board of Directors of the Corporation will be considering procedures to deal with mortgagors who are seriously in arrears and who will not or cannot pay. Sales proceedings will be considered as one option for dealing with such cases.

With respect to the Niagara Falls Bridge Commission, the Ministry of Transportation and Communications replied in a letter dated May 30, 1985.

Recommendation

The Ministry of Transportation and Communications take responsibility to initiate a review of the legal status of the Niagara Falls bridge Commission and that it seek the advice and co-operation of the federal Department of Transport.

The Minister responded by stating that:

The MTC in conjunction with the Constitutional Law Branch of the Ministry of the Attorney General has completed a review of the legal status of the NFBC. As a result, it was concluded that:

1. The NFBC is a corporation without share capital incorporated under the laws of the United States of America
2. No complementary authorizing legislation for the NFBC has been enacted in Canada.
3. The NFBC holds a licence as an extra-provincial corporation issued under Ontario law authorizing it to carry on business in Ontario.
4. The bridges operated by the NFBC are clearly works extending beyond the limits of the province and, as such, they fall within the federal regulatory jurisdiction. Only the federal government could enact a statutory basis for the Commission and for the appointment of Canadian Commissioners.
5. The NFBC is not an agency of the Crown within the meaning of the Crown Agency Act, R.S.O. 1980, c. 106.
6. There is no legal obligation upon the NFBC to report on its activities to the Ontario government.
7. The bare appointment of Commissioners to the NFBC by the Ontario Cabinet as it has done in the past does not appear to be legally objectionable.
8. The enactment of authorizing legislation in respect of the NFBC by the Government of Canada would place Canada on firmer footing should U.S. attitudes or legislation relating to the NFBC change, however, the absence of such legislation does not affect the ability of the NFBC to operate in Ontario.

Based on these conclusions, I would suggest to the Standing Committee that pursuing authorizing legislation from the federal government at this time would have no practical value.

IV. SUMMARY OF RECOMMENDATIONS

1. Academic members of the Geoscience Research Review Committee not be eligible for grants while serving on the Committee, and that their appointments to the Committee be for one-year terms. (page 5)
2. The Ministry of Natural Resources establish appropriate criteria by which to assess the benefits of the Geoscience Research Grant Program and that when the Review Committee undergoes its sunset review in 1988 such criteria form part of that review. (page 5)
3. The regulations prescribing the procedures of the Fire Code Commission include the provision that appeals must be heard and decided within thirty days. (page 8)
4. The Fire Code Commission ensure that the panels that hear each case be representative of the different groups that are appointed to the Commission. (page 9)
5. The Fire Code Commission publish an annual report that would incorporate a description of the cases heard, along with its observations as to how the Fire Code could be improved. (page 9)
6. The Ministry of Consumer and Commercial Relations in cooperation with travel agents and wholesalers devise a standard statement on the operations of the Travel Industry Compensation Fund to be attached to all contracts. (page 15)
7. The Ontario travel industry in cooperation with the Ministry of Consumer and Commercial Relations establish a code of ethics for the industry and that adherence to the code be made obligatory. (page 16)
8. The Ministry of Consumer and Commercial Relations and the Board of Trustees of the Travel Industry Compensation Fund should give consideration to expanding the mandate of the Fund to include the refunding of moneys where the standard of accommodation received is clearly at a much lower standard than originally contracted for by a client. (page 16)
9. The Languages of Instruction Commission ensure that it is prepared to deal with the problems that may result with the implementation of the special

education programs and the amendments to the Education Act providing for French language representation on boards of education. (page 22)

10. The number of scholarships reserved for visa students should be maintained at sixty. (page 25)
11. The Selection Panel should give consideration to a graduate student's personal essay when reviewing his or her application for an Ontario Graduate Scholarship. (page 25)
12. The present limit of \$2,500 that Ontario Graduate Scholars may receive as additional funding should be raised to \$5,000. (page 25)
13. The Ministry of Agriculture and Food seek ways to make the mutual agreement method of drainage construction better known within Ontario's farming community. (page 33)
14. The Ministry of Agriculture and Food undertake to streamline the petition process and when matters are referred to the Drainage Referee. (page 33)
15. Where a drainage system incorporates conservation features, the cost thereof should be apportioned to the Ministry of Natural Resources or the Ministry of the Environment as the case may be. (page 34)
16. The Liquor Licence Board of Ontario hire additional inspectors in order that it may fulfill its responsibilities under the Liquor Licence Act. (page 44)
17. The Liquor Licence Board of Ontario develop a set of guidelines appropriate for a closer definition of "community needs" under section 39 of O. Reg. 581. (page 45)
18. The Liquor Licence Board of Ontario undertake a comprehensive review of the Liquor Licence Act and regulations made under the Act. (page 45)
19. The sale of stomach bitters be more thoroughly regulated by the Liquor Licence Board of Ontario. (page 45)
20. The Liquor Licence Board of Ontario endeavor to ban "lifestyle" advertising. (page 46)

21. The Liquor Licence Board of Ontario maintain its present fee structure, but when it does seek an increase such increases should be introduced gradually. (page 46)
22. The Liquor Licence Board of Ontario reconsider its proposal to introduce a catering licence category in the regulations. (page 46)
23. The Liquor Licence Board of Ontario proceed with its proposal to relax the regulations with respect to Sunday special permits. (page 47)
24. The Ministry of Consumer and Commercial Relations incorporate within its Memorandum of Understanding with the Liquor Licence Board of Ontario the requirement that the Board be audited by the Provincial Auditor. (page 47)
25. The Liquor Licence Board of Ontario establish formal exchanges of information with the Alcoholism and Drug Addiction Research Foundation. (page 47)
26. The Ministry of Education in cooperation with the Ministry of Health establish courses in Ontario's secondary schools dealing with alcohol use and abuse. (page 48)
27. The Highway Traffic Act be amended to permit the Licence Suspension Appeal Board to impose restrictions on licences. (page 54)
28. The Licence Suspension Appeal Board monitor those with restricted licences. (page 55)
29. The Highway Traffic Act be amended to permit someone who is denied a licence for health reasons to appeal to the Licence Suspension Appeal Board where the denial is made on a first application for a licence. (page 55)
30. The License Suspension Appeal Board make it a requirement of an appeal that all medical documentation should be submitted by the appellant. (page 55)
31. The Ministry of Transportation and Communications undertake a review of the qualifications for those seeking motor vehicle inspection station licences and driving instructor licences. (page 56)
32. The Ministry of Revenue in conjunction with the Assessment Review Board create a new detailed and comprehensive guide to the residential property tax assessment and appeal processes. (page 63)

33. The Assessment Review Board annually publish a report containing what it considers to be its most notable and precedent setting cases. (page 63)
34. The Ministry of Revenue afford greater opportunity to the public to have their assessments reviewed by assessment commissioners under sections 30 and 31 of the Assessment Act, and that this process be formalized. (page 64)
35. The Health Disciplines Board make it a policy of making public the names of those individuals whom the Board has referred to a College's Discipline Committee. (page 71)
36. The Health Disciplines Act be amended to provide for the option of either a review or a hearing by the Health Disciplines Board when dealing with a complaint matter. (page 72)
37. The Health Disciplines Board include as a possible recommendation to a College's Complaints Committee that a health professional refund or reimburse a complainant for a faulty or ill-fitted medical appliance. (page 72)
38. The Ministry of Health take no action with respect to the Health Disciplines Board's request to be excluded from the Ombudsman Act. (page 73)

APPENDIX A

STANDING COMMITTEE ON PROCEDURAL AFFAIRS AND
AGENCIES, BOARDS AND COMMISSIONS

Order of Reference

Wednesday, July 10, 1985

That the following Standing Committees be established for this Session, with power to examine and inquire into all such matters as may be referred to them by the House, with power to send for persons, papers and things, as provided in section 35 of the Legislative Assembly Act: Standing Committee on Procedural Affairs and Agencies, Boards and Commissions - 11 members, with 4 from each of the Government and Official Opposition Parties and 3 from the Third Party, with the Committee appointed for this Parliament to review and report to the House its observations and opinions on the operation of the Standing Orders of the House and such additional matters as may be referred to it by the House or by Mr. Speaker from time to time;

And that the Committee also have power to examine and report on the methods by which it believes appointments should be made to Agencies, Boards and Commissions to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations in which the Crown in right of Ontario is a majority shareholder;

And that the Committee also have the power to review the operation of all such Agencies, Boards and Commissions, with a view to reducing possible redundancy and overlapping.

APPENDIX B

Witnesses

Geoscience Research Review Committee

Geoscience Research Review Committee (Tuesday, 5 February 1985)

Mr. Stanley Charteris, Chairman

Dr. Vic Milne, Ontario Geological Survey

Mr. Rob Watson, Ontario Geological Survey

Fire Code Commission (Wednesday, 6 February 1985)

Mr. John Ritchie, Chairman

Mr. John Bateman, Ontario Fire Marshall

Travel Industry Compensation Fund Board of Trustees (Wednesday, 6 February 1985)

Mr. F. Lehner, Vice-Chairman

Mr. R.A. Simpson, Executive Director

Mr. D.V. Caven, Registrar

Languages of Instruction Commission of Ontario (Thursday, 7 February 1985)

Mr. Ryan Paquette, Q.C., Chairman

Mr. Stacy Churchill

Mr. William J. Wells, Executive Secretary

Selection Board (Ontario Graduate Scholarships) (Tuesday, 12 February 1985)

Dr. R.W. Smith, Chairman

Mr. S. Rajagopal, Policy Analyst, Student Awards Branch, Ministry of Colleges and Universities

Ontario Drainage Tribunal (Tuesday, 12 February 1985)

Mr. Delbert O'Brien, Chairman

Mr. V.I.D. Spencer, Director, Capital Improvements Branch, Ministry of Agriculture and Food

Liquor Licence Board of Ontario (Wednesday, 13 February 1985)

Mr. Willis L. Blair, Chairman

Mr. John Flowers, Executive Director

Mr. Paul Boukaris, Director

Licence Suspension Appeal Board (Thursday, 14 February 1985)

Donald F. Meyrick, Q.C., Chairman

Janice A. Woods, Secretary to the Board

Assessment Review Board (Tuesday, 19 February 1985)

Mr. Bradford H.B. Bowlby, Q.C., Chairman

Mr. George C. Hewson, Vice-Chairman

Mr. Terrance G. Murphy, Provincial Registrar

Health Disciplines Board (Wednesday, 20 February 1985)

Mr. Hugh K.N. Mackenzie, Chairman

Ms Louise Hastings, Registrar, Health Boards Secretariat

Mr. Russell Fraser, Counsel

APPENDIX C

AGENCIES, BOARDS AND COMMISSIONS REVIEWED TO DATE

| | |
|--------------------------------------|--|
| 1st Review: (9 November 1978) | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
| 2nd Review: (3 December 1979) | Ontario Research Foundation Ontario Telephone Service Commission Ontario Housing Corporation Ontario Food Terminal Ontario Council of Health Ontario Municipal Board |
| 3rd Review: (2 December 1980) | Ontario Educational Communications Authority Ontario Lottery Corporation Board of Ophthalmic Dispensers Ontario Labour Relations Board Ontario Northland Transportation Liquor Control Board of Ontario |
| 4th Review: (19 November 1981) | Ontario Racing Commission Ontario Hockey Development Committee Farm Pollution Advisory Committee Ontario Place Corporation |
| 5th Review (11 May 1982) | Ontario Board of Censors Ontario Energy Board Ontario Police Commission Toronto Area Transit Operating Authority |
| 6th Review (7 December 1982) | Art Gallery of Ontario Civil Service Commission Commission on Election Contributions and Expenses Ontario Mortgage Corporation Wolf Damage Assessment Board |

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| 7th Review (15 December 1983) | Criminal Injuries Compensation Board The Law Society of Upper Canada Ontario Cancer Treatment and Research Foundation Ontario Manpower Commission Ontario Status of Women Council |
| 8th Review (21 June 1984) | Alcohol and Drug Addiction Research Foundation Board of Funeral Services Board of Parole Board of Visitors of Homewood Sanitarium, Guelph Crop Insurance Commission of Ontario Game and Fish Hearing Board IDEA Corporation Nursing Homes Review Board Social Assistance Review Board |
| 9th Review (19 November 1984) | Animal Care Review Board Children's Services Review Board Niagara Parks Commission Niagara Falls Bridge Commission Ontario International Corporation Ontario Junior Farmer Establishment Loan Corporation |
| 10th Review (25 September 1985) | Assessment Review Board Fire Code Commission Geoscience Research Review Commission Health Disciplines Board Languages of Instruction Commission of Ontario Licence Suspension Review Board Liquor Licence Board of Ontario Ontario Drainage Tribunal Selection Panel (Ontario Graduate Scholarships) Travel Industry Compensation Fund Board of Trustees |

APPENDIX C

AGENCIES, BOARDS AND COMMISSIONS REVIEWED TO DATE

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| 1st Review: (9 November 1978) | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
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Standing Committee on Procedural Affairs and Agencies, Boards and Commissions

Report on Agencies, Boards
and Commissions (No. 11)





LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

The Honourable Hugh Edighoffer, M.P.P.,
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Procedural Affairs and Agencies, Boards and Commissions has the honour to present its Report and commends it to the House.

A handwritten signature in dark ink, reading "Michael Breough". The signature is written in a cursive style with a large, sweeping "M" and "B".

Michael J. Breough, M.P.P.
Chairman

Queen's Park
7 January 1986

MEMBERSHIP OF THE STANDING COMMITTEE ON
PROCEDURAL AFFAIRS AND
AGENCIES, BOARDS AND COMMISSIONS

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DAVID W. WARNER

A. SMIRLE FORSYTH
Clerk of the Committee

TOD J. DECKER
Assistant Clerk of the Committee

JOHN EICHMANIS
Research Officer

* Mr. Martel replaced Ross McClellan, M.P.P., as a member of the Committee on October 25, 1985.

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I. INTRODUCTION

The Standing Committee on Procedural Affairs and Agencies, Boards and Commissions was appointed on July 10, 1985, among other things to review the operations of all agencies, boards and commissions of the Government of Ontario with a view to reducing possible redundancy and overlapping.¹

In fulfilling its mandate, the Committee visited a number of agencies and held public hearings during August and September, 1985, when it heard testimony from representatives of the following agencies:²

Board of Management of the Guild Inn
 Canadian National Exhibition Association
 James Bay Education Centre
 Metropolitan Toronto Convention Centre
 Minaki Lodge Resort Limited
 Old Fort William Advisory Committee
 Ontario Economic Council
 Ontario Human Rights Commission
 Ontario Stock Yards Board
 Toronto Stock Exchange Board of Governors

This report contains Your committee's observations and recommendations based on its review of these agencies, boards and commissions.

The Committee wishes to express its appreciation to all the witnesses who appeared to present their views.³ The Committee wishes to acknowledge the cooperation of the officials of the various ministries of the Government of Ontario and the agencies themselves.

In addition, the Committee urges Ministers under whom these agencies fall to give serious and thoughtful consideration to the Committee's recommendations.

¹See Appendix A for the Committee's term of reference.

²See Appendix C for a list of agencies reviewed by the Committee.

³See Appendix B for a list of witnesses who appeared before the Committee.

The Committee wishes to express its appreciation to the Clerk of the Committee, the Assistant Clerk of the Committee and the Research Officer for their assistance and dedication to the work of the Committee.

The recommendations contained in this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every recommendation, your Committee is pleased to present a report that each member can support.

II. COMMITTEE'S COMMENTS ON NORTHERN ONTARIO

When the Committee made its initial determination of what agencies it would review during the summer of 1985, it made a concerted effort to choose several agencies that operate in Northern Ontario. It picked three agencies, James Bay Education Centre in Moosonee, Old Fort William Advisory Committee in Thunder Bay and Minaki Lodge Resort Limited in Minaki. The fact that these agencies are quite different from one another, one involved in education, another in Ontario's culture, and the third operating as a commercial tourist operation, was important to the Committee. It wished to understand the problems of Northern Ontario from the perspective of these agencies. While the Committee cannot claim that its review of these agencies dealt with all the problems affecting the North, it did acquire a better appreciation of the costs and benefits of life in the North.

In the Committee's discussions with the representatives of these agencies, it became apparent that there is an incomplete understanding of Northern Ontario by the Government of Ontario. While one could see that efforts have been made to provide money and resources to enable the people of the North to better cope with life under adverse conditions, it was also evident that in many cases the planning and implementation of government programs and services has been on the basis that the problems in the North are no different than in the South. For example, the James Bay Education Centre building was constructed as if it were located in Southern Ontario. It has high ceilings, and little insulation, with the result that the Centre incurs high heating costs in the winter. It is a magnificent building but highly inefficient.

It was also apparent to the Committee that ministries of the Ontario Government have failed in many instances to coordinate and rationalize their policies as these apply to Northern Ontario. Thus, it did not make sense to the Committee that the Ministry of Colleges and Universities would require that the teachers employed by Northern College to teach at the James Bay Education Centre should pay market rates for their accommodation while personnel of other ministries living in Moosonee should be subsidized. Moreover, the Committee is of the opinion that if housing is to be provided to ministry personnel, costs could be reduced by building one set of apartments to house all Ontario Government personnel rather than having a variety of

individual homes and apartments with varying costs and expenses. It was evident to the Committee that not enough thought is given to rationalizing available public resources.

Throughout its visit to Northern Ontario, the Committee became aware that sensitivity to the special needs of native peoples was not always in evidence. Thus, in Moosonee, the James Bay Education Centre was not able to design educational courses best suited to the requirements of the native peoples of the James Bay area, while in Thunder Bay, Old Fort William was not maximizing Indian historical interpreters, and in Minaki, the Minaki Lodge Resort underutilized Indian employees.

From observing the arrival of tourists on the Polar Bear Express in Moosonee, to seeing the unique historical features of Old Fort William, and watching the arrival of buses and river boats at Minaki Lodge, the Committee became aware that tourism constitutes one of the North's principal economic bases. Yet, it was the Committee's view that more could be done to enhance tourism.

What appears to be lacking is a concerted and coordinated effort by the Government of Ontario in conjunction with the people of Northern Ontario to devise a tourist strategy. Thus, it seemed odd to the Committee that Minaki, one of the most spectacular resort hotels in Canada, operates largely for the benefit of Manitobans and Americans, while at Moosonee, the terminal point for the Polar Bear Express, one found little to keep the tourist until the next train South. Much more could be done in Moosonee through the facilities of the James Bay Education Centre to teach Indian handcrafts that could be sold in an attractive store. Similarly it was evident to the Committee that Old Fort William was a secret to most Ontarians, it certainly was to the members of the Committee. This unique historical site, which is not only accurate in physical detail but also in its dramatic presentations, is largely overlooked by tourists. The Committee feels that more could be done by various Ministries of the Ontario Government, but particularly by the Ministry of Tourism and Recreation to enhance the image of the North for tourists.

A complaint often heard by the Committee in its review of these agencies was the failure of senior civil servants and even Ministers to travel to Northern

Ontario on a regular basis to acquaint themselves with the problems facing the people of the North. It appeared to the Committee that in some cases there appeared to be a deliberate effort to avoid such trips. The Committee is of a strong opinion that this situation is inexcusable. Northern Ontario constitutes an important element in the makeup of this Province. It has provided enormous sources of wealth for the South and its people have made a valuable contribution to the economic progress of this Province. It should be a matter routine that all senior civil servants, whose ministries have offices or programs in Northern Ontario, make several trips a year to the North to gain first hand knowledge of its problems and needs. In particular, the Committee wishes to single out the Ministry of Northern Development and Mines for its role in the North. Of all the Ministries of the Ontario Government, this Ministry has a special mandate and responsibility for acquiring first hand knowledge of the North, its problems, its needs and its expectations. In the Committee's opinion it should be in the forefront of advocating, coordinating and rationalizing the resources of the Ontario Government in the North to ensure that the programs and services of the various Ontario Ministries are responsive to the needs and aspirations of the people of Northern Ontario.

At the same time, the Committee believes that the committees of the Ontario Legislature should take every opportunity in the course of their work to travel to Northern Ontario in order to become fully aware of the special conditions that affect life in the North.

Finally, the Committee wishes to recommend to all members of the Ontario Legislature that they study the Final Report and Recommendations of the Royal Commission on the Northern Environment. This comprehensive report provides an excellent introduction to the special problems of the North and suggestions for their resolution.

III. AGENCY REVIEW

JAMES BAY EDUCATION CENTRE

Prior to the establishment of the James Bay Education Centre, only two educational facilities existed in Moosonee, a separate elementary school and a public elementary school. There was a perceived need on the part of the community for an advanced educational facility providing a range of educational courses and related facilities, particularly with respect to practical skills training. With this purpose in mind, members of the Moosonee community gained the support of the Ontario Ministry of Education and the federal Department of Indian Affairs to provide grant money to construct the Centre for some \$2 million.

The Centre was completed and opened in 1969 with a staff of twenty-one, providing courses in heavy equipment, construction, hotel and hospital services, sewing, as well as establishing a nursery school. Future plans included courses in nursing, welding, small business practices, office skills, small engine mechanics, and restaurant services. The principle aim was to provide employment skills for local Indians. These courses would be open to both teenagers and adults. In addition, because the Centre was built adjoining the two elementary schools, the Centre's facilities such as the library, gymnasium, and vocational training would be provided to elementary school pupils. Moreover, the Centre's facilities would be used as a community centre by the entire community.

During the early 1970s it became evident that the Centre was overextending itself, financially and with respect to the variety of courses it wished to offer. The Centre's difficulties prompted the Ministry of Education to initiate a review of the Centre's operations in 1975. The review was highly critical of the Centre, concluding that the people of the area were not receiving the best possible educational programs for the amount being spent by the Board of the Centre.

The Centre was created by Letters Patent under the Corporations Act. Consequently, as a private institution, it does not come under the purview of any Ministry. The Ministry of Education, although it provided grants to the Board of approximately five and one-half million dollars between 1968 to 1981, did not have any control over how that money was spent. The result in the words of the 1975 evaluation study was that the history of the Centre revealed:

a record of ineffective management characterized by inadequate fiscal reporting, ad hoc and overly ambitious program planning particularly in the area of the heavy equipment and apprenticeship training programs, and a web of misgovernance that has now led the Centre to a debt position in fiscal 1974-75 of over \$400,000.

The future of the Centre remained in doubt until 1982 when a decision was made that the Centre would enter into an agreement with Northern College and become a campus of that college.

When originally created in 1966, the mandate of the Centre was:

- a) to conduct studies in the James Bay - Hudson Bay area of the educational, vocational and social needs of the residents;
- b) to provide in this area facilities and programmes and basic skills development;
- c) to provide vocational and employment training facilities and courses;
- d) to create opportunities for students to learn occupational and domestic skills;
- e) to develop recreational and cultural programmes; and
- f) to build and operate an education centre to meet the special needs of the people of the area, both children and adults.

This mandate remained unchanged until 1982 when two extra provisions were added to the Centre's Letters Patent:

- g) to enter into any arrangements with any authorities, colleges or university, federal, provincial, municipal, local or otherwise, including agreements for affiliation or federation with any other school, college or university, that may seem conducive

to the Corporation's objects or any of them and to obtain from any such authority any rights, privileges and concessions which the Corporation may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions; and

- h) for the objects aforesaid, to sell, lease or otherwise dispose of in whole or in part the lands and any improvements thereon including without limitation the buildings, facilities, equipment, chattels and supplies.

These two additional provisions enabled the Centre's Board of Governors to sign an agreement with Northern College and the Ministry of Colleges and Universities.

The agreement signed on March 1, 1982 provided that the Centre would lease to Northern College the premises of the Centre for ten-years for the sum of one dollar, and that the College would purchase the Centre's supplies for one dollar. The College would operate the Centre's educational facilities as they existed at the Centre. Former employees of the Centre would be all re-hired by the College on the basis of the agreements operating at the College. The College would establish an Advisory Board composed of ten representatives of the Board of the Centre, one representative of the College and one representative of the Council of James Bay Chiefs. The Advisory Board would have the responsibility of advising the College on all aspects of education at the Centre. Also, one member of the Board of the Centre would become a member of the Board of Northern College.

The agreement with Northern College does not affect the legal status of the Board of the Centre. It continues to exist under its own Letters Patent.

Recommendations

The Committee met with the Board of Directors of the James Bay Education Centre and with the President of Northern College at the Centre in Moosonee. From these discussions the Committee came back with an appreciation of the special contribution the Centre is making as an educational institution serving the needs of Ontarians living in the James Bay area, particularly the native peoples.

The Committee believes that the agreement between the Centre and Northern College is useful at this stage in the development of the Centre. However, in the course of its discussions with the Board of the Centre and the President of Northern College, the Committee was apprised of certain problems the Centre was experiencing. These problems center on such issues as the funding of the Centre through Northern College, the need to design programs that meet the needs of the people of the area, and the lack of policy coordination at Queen's Park.

The Committee heard testimony that funding of the Centre through Northern College is on the same basis as for other community colleges in Northern Ontario. Specifically, Northern College receives 36% more per student than community colleges in southern Ontario. While this additional grant is appropriate for Northern College itself, it falls short of the needs of the Centre. The Committee was told that the Indian Bands in the area would prefer not only to send their people to Moosonee for their training but would also like the teachers of the Centre to give courses in the local settlements around James Bay. The Indian Bands feel that this approach can best serve their specific needs; they can learn new skills while at the same time they can continue to be close to their families. In order to initiate this field approach to teaching, the Committee believes that Northern College, in order to fulfill its mandate to the James Bay Education Centre, requires a new funding formula.

Your Committee recommends that:

1. **The Ministry of Colleges and Universities devise a new funding formula for the James Bay Education Centre in conjunction with Northern College of Applied Arts and Technology.**

The Committee was also made aware of the specific needs of native peoples with respect to retraining and apprenticeship programs. While Northern College through the Centre offers programs in such areas as appliance servicing, bookkeeping, small engines and similar courses, it would also like to include plumbing, electronics and carpentry. The difficulty the Committee was told was the fact that the College can only provide advanced training courses in these areas. While advanced training may be appropriate for students from other parts of Ontario, such advanced training is not required by

the native peoples. Most of the time native graduates would work for their local Bands on projects that do not require advanced training. The College, however, is not given flexibility in providing appropriate levels of training suited to the needs of the native peoples.

Moreover, the Committee learned that there was a need to provide students who have taken the less advanced training programs with a diploma or certificate that would be recognized or accepted by construction companies and unions for projects in the James Bay area only. This would allow a person with an apprenticeship certificate in carpentry, for example, to work in that trade rather than being hired as a general labourer as is the practice now. Such a certificate would be recognized by the Ministry of Labour for employment in the James Bay area.

Your Committee, therefore, recommends that:

2. The Ministry of Colleges and Universities undertake to devise retraining and apprenticeship programs suited to the particular needs of the native peoples and that such programs be recognized by a certificate to enable the graduates to work in the James Bay area.

Another area of concern to the Committee was the apparent lack of coordination between the various ministries providing services or having offices in the Moosonee area. The Committee heard, for example, that the Centre, through Northern College, provides housing for its teachers at market rates, while personnel of the Ontario Provincial Police, the Ministry of Natural Resources, and the Ministry of Community and Social Services are provided with subsidized housing. The Committee believes that it would be more sensible if all Ontario Government personnel were treated equally. This would mean that either the teachers at the Centre would receive subsidized housing or that other Ontario Government personnel pay market rents for their accommodation.

The Committee believes that this kind of discrepancy between the various ministries' housing policies is due to the lack of coordination at Queen's Park. Such problems, the Committee feels, can be resolved by a formal decision-making process that would include the various ministries having responsibilities in the James Bay area, the Board of the James Bay Education

Centre and the Board of Northern College. The Ministry responsible for establishing such a process would be the Ministry of Northern Development and Mines which has a broad mandate to deal with the concerns of Northern Ontario.

Your Committee recommends that:

3. The Ministry of Northern Development and Mines establish a formal committee composed of the ministries having responsibilities in the James Bay area, along with the Board of Governors of James Bay Education Centre and the Board of Governors of Northern College of Applied Arts and Technology. The Committee's mandate would be to coordinate policies and programs affecting the James Bay area.

In order that the Ministry of Northern Development and Mines be effective in its coordinating role, the Committee strongly believes that the Deputy Minister of Northern Development and Mines, acting for the Minister, establish as a regular practice biannual visits to Moosonee. Such trips would familiarize the Deputy Minister with the special problems of the James Bay area. The Committee envisages that the Deputy Minister would become the advocate of the James Bay community at Queen's Park. The Committee feels that such a role would be appropriate, given the limited ability of the people of James Bay to take their concerns directly to Queen's Park.

Finally, the Committee would like to encourage the people of Moosonee to continue to support the work of the Board of the James Bay Education Centre. The Committee believes the Board provides a vital link between the people of Moosonee and the James Bay Area and Northern College. If Northern College is to be responsive to local educational needs, the Committee feels that the Board should continue under its present mandate to advise the Board of Northern College.

OLD FORT WILLIAM ADVISORY COMMITTEE

Prior to leaving office in 1971, the then Premier, John Robarts, announced that the Government would reconstruct Old Fort William. In the subsequent years a replica of the original Fort was built some nine miles from where the original Fort of the 18th century stood. The purpose of the Fort, as the Ministry of Tourism and Recreation states, is:

To promote a greater appreciation and understanding of our heritage by means of a program of living history designed to stimulate the visitor's interest in the fur trade era and, in particular, the role of the North West Company and Fort William in the development of Canada.

The Old Fort William Advisory Committee was created under section 17 of the Ministry of Culture and Recreation Act, R.S.O. 1980, now the Ministry of Tourism and Recreation Act, S.O. 1982. The Act permits the Minister to establish advisory committees and sub-committees, to appoint Chairmen and members of the Committee, fix the terms of reference, remuneration and expenses for the Chairmen.

In 1975, the Cabinet approved by Order-in-Council, the establishment of the Old Fort William Advisory Committee with terms of reference that included:

- o advising the Minister on the development and operation of Old Fort William;
- o advising on the future expansion of the site and facilities;
- o advising on the relationships between Old Fort William and the community;
- o advising on the planning and designing of a public visitors program and special events; and
- o advising on the advertising, promotion and public relations programs proposed to support the Fort.

The Committee's revised terms of reference are to advise the Minister of Tourism and Recreation respecting:

- o development and operation of the historical site known as "Old Fort William";
- o liaison with other organizations promoting the history, culture and tourism of north western Ontario; and

- o the relationship of Old Fort William with other agencies and sites (public, private or government) in Ontario having similar objectives and activities in the heritage field.

To place the mandate of the Committee in perspective, it should be noted that the administration of the Fort complex is totally integrated within the Ministry of Tourism and Recreation. It does not have a separate and independent existence. All financial and administrative matters are under the direct control of the Ministry.

There are seven members of the Committee including the Chairman appointed for varying terms of either two or three years. All of the members of the Committee are drawn from the Thunder Bay area. The Committee met four times in 1984.

Members of the Committee receive no remuneration, only their travelling and incidental expenses when on Committee business. The expenses of the Committee for 1983-84 in this regard were \$547.35.

As an advisory body, the Old Fort William Advisory Committee has a limited role to play in the administration of the Fort. The administration of the Fort is the responsibility of the Ministry of Tourism and Recreation. The Committee's limited role is recognized by Management Board which exempts advisory committees from requiring a Memorandum of Understanding with their ministries or from following the provisions of the Manual of Administration.

Control over the Committee is exercised by the Minister who can disregard the advice offered by the Committee, and by recommending that Committee members not be reappointed.

Recommendations

In visiting Old Fort William the Committee was struck by the unique features of this historic site. Not only are the buildings extensive and authentic, but they have been reconstructed using the methods of the early 19th century. Perhaps more impressive is the manner in which the daily life of the Fort is presented to visitors. In their tour of the various workshops and houses they can observe craftsmen, skilled in early 19th century techniques, preparing

wares and foods that inhabitants of the Fort would have used or consumed in the early years of the Province. Moreover, the activities of the early inhabitants are authentically reproduced and enacted in the various settings of the Fort, so that visitors have the unique experience of being participants in the activities of the Fort. The Committee would like to commend the management of the Fort for having the imagination to implement this "living history" approach.

While the Committee's overall impression of the Fort was very good, it did come away with a poor impression of the entrance to the Fort. Where the Fort itself, situated some distance from the main entrance, is both complete and impressive, the main entrance lacks adequate signs which would indicate to the visitor what lies beyond the open spaces and the parking lot. It is the Committee's opinion that this state of affairs should be rectified by the management of the Fort.

Your Committee, therefore, recommends that:

4. The management of Old Fort William improve the entrance to the site in a way that would attract visitors into the Fort.

It was evident to the Committee in its discussions with the management of the Fort that this unique historical site is being underutilized by potential visitors, particularly those from southern Ontario. One group in particular, Ontario's school children, should be encouraged to see Old Fort William. It is a regular practice for various Ontario school boards to authorize their students to take special trips both inside and outside the Province. These trips usually centre on some aspect of Canadian history and relate to events studied in class. The Committee is of the view that Old Fort William is a historic site that should receive high priority from school boards when authorizing special trips. The inhibiting factor is the high cost of travelling to Thunder Bay. The Committee believes that this problem could be resolved by the coordinated efforts of the Ministry of Tourism and Recreation and the Ministry of Education. The former Ministry could arrange a package tour specifically designed for students and the Ministry of Education could inform the school boards of Ontario that it was prepared to subsidize such trips.

Your Committee, therefore, recommends that: .

5. The Ministries of Tourism and Recreation, and Education coordinate their efforts to provide package tours for Ontario students to visit the Thunder Bay area, particularly Old Fort William, and that such trips be subsidized where necessary by the Ministry of Education.

Following on this recommendation, it is the Committee's view that the management of Old Fort William requires more intensive involvement of the Ministry of Tourism and Recreation in marketing the Fort. It was evident to the Committee that the management of the Fort had neither the resources nor the expertise to develop a proper marketing strategy. The Ministry could provide additional marketing expertise to the Fort in order that the unique aspects of the site could be broadly disseminated throughout Ontario.

Your Committee, therefore, recommends that:

6. The Ministry of Tourism and Recreation provide the management of Old Fort William with additional marketing expertise.

One of the highlights of the Committee's visit to Old Fort William was the Indian encampment outside the Fort. The Committee found the Indian presentation highly educational and enlightening as to the role that Indians played in the fur trade of the Northwest. However, it was the Committee's understanding that Indian involvement in the activities of the Fort was far more extensive than just the encampment. Indians were involved in most of the activities of the Fort. Consequently, the Committee is of the view that the Indian role in the Fort be more fully developed. The hiring of additional Indian interpreters should therefore be considered by the management of the Fort.

Your Committee recommends that:

7. The management of Old Fort William increase the number of Indian historical interpreters.

As has been noted previously, Old Fort William is managed by staff of the Ministry of Tourism and Recreation with the Advisory Committee providing guidance and local input to the Ministry on the management of the Fort. The

Committee believes that it is now time to consider changing the role of the Advisory Committee from providing guidance on an advisory basis to providing direction on a day to day basis. The Committee would like to see the Advisory Committee changed into a Board of Directors, with responsibility for directing the management of the Fort.

The Committee bases this view on the fact that since the major capital construction of the Fort is complete, the principal focus for management is the day to day operation of the Fort, interacting with the community in Thunder Bay, and providing guidance as to the direction the Fort should take in promoting its attractions. In the Committee's view these functions can best be performed by a Board of Directors drawn from the local community and sufficiently autonomous from Queen's Park to motivate the Board members to work for the benefit of the Fort and the local community.

In making this recommendation, the Committee appreciates that no historical site is capable of generating enough revenue to cover both operating and capital expenditures. Thus, while the Committee would expect the Board to cover its operating expenses out of its tourist related revenues, the Ministry of Tourism and Recreation would have to continue to provide capital grants for the physical maintenance of all the facilities of the Fort.

Your Committee, therefore, recommends that:

8. The Ministry of Tourism and Recreation undertake, in cooperation with Management Board of Cabinet, to transform the Advisory Committee of Old Fort William into an autonomous Board of Directors charged with the responsibility of providing day to day direction to the management of the Fort.

MINAKI LODGE RESORT LIMITED AND
MINAKI DEVELOPMENT COMPANY LIMITED

Minaki Lodge Resort Limited and its associated company, Minaki Development Company Limited, are incorporated by Letters Patent under the Canada Corporations Act. The shares in these companies are owned by Her Majesty the Queen in Right of Ontario.

Minaki Lodge Resort Limited operates the Minaki Lodge and its various facilities, while the Minaki Development Company operates a fishing lodge at Holst Point, a ski hill, the railway station, the airstrip and has land holdings in the Town of Minaki.

The origins of the Lodge go back to the World War I period when the National Transcontinental Railway (NTR) built a lodge at Minaki. In 1919, this lodge was taken over by the Canadian National Railway (CNR) when it absorbed the NTR. The CNR constructed a luxury resort which burnt down in 1925, one day before its opening. The Lodge was reconstructed and opened in 1927. During the Depression and the period after the Second World War the Lodge lost its ability to draw customers, with the result that the CNR sold its holdings to the A-T Hotels company which operated the resort until 1965 when it sold the resort to private owners. Between 1966 and 1974, the Government of Ontario began to subsidize the Lodge and by 1973 had provided some \$550,000 in loans. In 1974, the Ontario Government acquired the two companies. When the Government failed to sell the companies, it decided in 1978 that it would invest in the renovation and reconstruction of the Resort. At the same time, it acquired the services of an American company, The Radisson Group, to manage the Resort. The redeveloped Lodge opened for business in 1983.

As required by the Canada Corporations Act, the two Minaki companies are governed by a Board of Directors. The same seven members serve on both boards. Five of the Directors are from the private sector, while two are civil servants. The Directors are elected by the shareholder, in this case the Minister of Tourism and Recreation. The Directors can hold office for six years and any re-election must first be approved by the Lieutenant Governor in Council.

The Chairman receives a per diem of \$125 while the other Directors receive \$95 and any out-of-pocket expenses. The two civil servants receive no per diems above their salaries.

The Boards are made responsible for the management and operations of the two companies.

In 1980, the two companies entered into a formal management agreement with Radisson Hotels of Canada, a division of Carlson Marketing Group, and Radisson Hotel Corporation. For a fee of 5% of gross operating income per year, or a minimum of \$100,000, the Radisson group manages, markets and otherwise operates the Minaki Lodge Resort. The 15 year agreement also provides that when the Resort earns a profit, Radisson will receive 10% of gross profit. The Board continues to maintain, subject to the management agreement, the overall responsibility for the Resort.

The Minaki companies, in addition to the Board of Directors, have a staff of three, two full-time and one part-time. Minaki Lodge itself employed some 215 people in 1984.

The Minaki Lodge Resort Ltd. is designated as an Operational agency within Schedule I of Management Board of Cabinet's classification system. Agencies in this Schedule are required to have a Memorandum of Understanding with their ministry.

At time of writing, a draft Memorandum has been prepared though not yet approved by Management Board. The Company, that is the Minaki Lodge Resort Ltd., is required to conduct its affairs in an equitable, economic, and efficient manner and shall establish self-financing objectives. For their part the Directors of the Company are required to manage the Company in accordance with the Company's by-laws, the policies of the Ontario Government and any of the directives issued by the Minister of Tourism and Recreation or the Lieutenant Governor in Council.

The Minister is asked to define and communicate to the Board the policies of the Government in order that the Board can develop short and long-term

plans. The Minister is also expected to receive recommendations and comments on the policy and operations of the Company; and the Minister can issue directives to the Board with respect to how the objectives of the Company are to be implemented. Moreover, the Minister is required to review and approve the Annual Plan, Operating and Capital Budgets, and the Five-Year Business Plan of the Company. The Minister also recommends the auditors of the Company and reviews any proposed by-laws prior to their submission to the Board. In addition, the Memorandum asks that the Minister intercede on behalf of the Company when it requires Government approval for carrying out its objectives, particularly when it requires operating subsidies.

The Board's responsibilities include ensuring that the Company is operated in accordance with the Business Plan, Capital and Operating Budgets, the Five-Year Business Plans, and making by-laws regulating the activities of the Company.

The Memorandum requires the Board to obtain services, materials and equipment from Canadian suppliers if they are competitive in price and quality and provide timely delivery. Moreover, a price preference of 10% is to be given to Canadian suppliers.

The Board is also obliged to ensure that all the staff and employees of the Company do not disclose information pertaining to the Company's business that they know is confidential, secret or proprietary.

The Board is required to evaluate the operational performance of the Company to ensure that procedures are in place for effective financial control. The Board also appoints the auditors, is required to meet at least four times a year, must conform to the provisions of the Canada Business Corporations Act, and has to provide the Minister with copies of the agenda and minutes of the Board meetings and other reports. In addition, the Board is required to supervise the development and management agreements with Radisson Hotel Corporation and Radisson Hotels of Canada Limited, or any other management company that may be retained by the Company.

With respect to financial arrangements, the Company is required to submit to the Board and Minister by March 31 of each year, a Business Plan, Capital and Operating Budgets, Statements of Source and Application of Funds and a

Five-Year Business Plan. If the Company acquires any surplus money, it is permitted to invest it temporarily in securities issued or guaranteed by the Province, by Canada or any other province, in guaranteed investment certificates of any registered trust company, in deposit receipts, notes, certificates, acceptances or in other financial instruments issued by a bank, or in term deposits of a credit union.

Any financing contemplated by the Company cannot be entered into without first the Company obtaining the consent of the Assistant Deputy Minister, Office of the Treasury, Minister of Treasury and Economics. This provision applies with respect to any discussions with the Canadian Bankers' Association, or where the financial arrangements may in some way increase the Province's liabilities. Nor can the Company issue debentures or mortgages, guarantee bank loans or obtain any long-term loans without the prior written consent of the Province.

Where the Company receives services or personnel from the Government, the Company is required to reimburse the costs. Moreover, the Company is asked to follow the accounting policies as set down in the Manual of the Office of the Treasury. Where contractual arrangements are concerned, the Memorandum requires that they be consistent with the Company's Business Plan and in accordance with the approved Operating Capital Budget.

The Company is also required to report quarterly information on the actual expenditures as compared to planned expenditures; on the forecasted year-end financial position; on any major variances from approved Operating or Capital Budget; and on updates to the Marketing Plan.

The Ministry is asked to establish a bank account for the Company which can draw on that account on an "as required" basis, provided that all information required by the Minister has been received. Any net income of the Company is to be paid into the Consolidated Revenue Fund.

With respect to operating relationships, the Memorandum stipulates that in general, the Company is to be managed in accordance to the policies of the Ontario Government, and the Manual of Administration. Moreover, it is provided that the Deputy Minister or a designate can attend the meetings of the Board.

The Minister is required to indemnify the present and past directors and officers of the Company against all costs resulting from a court judgement.

As for administrative relationships, the Company is required to adopt internal procedures based on consultation with the Company's auditors. In addition, the Company can hire, not only staff from the private sector, but also from the Ontario Public Service and such staffing is to be on a secondment basis and at the expense of the Company.

The Board is required by the Memorandum to provide reports to the Minister, including: an annual report; annual audited financial statement; and any other reports required by the Minister.

Finally, the Memorandum stipulates that the accounts of the Company are to be audited by the Provincial Auditor, and, in addition, by the Audit Services Branch of the Ministry or by any other auditor recommended by the Minister.

Recommendations

From the time the Government of Ontario became involved in the Minaki Resort in the mid-1970s until the end of the 1984-85 fiscal year, the Government has invested over \$50 million in the renovation, reconstruction, and operations of the Resort, and in ancillary projects related to the Resort. The figures break down as follows: between 1974 and 1977 \$5,084,000 million was spent on an initial reconstruction program that was halted after 1978. Funding for this program was provided by way of a debenture held by the Northern Ontario Development Corporation in the sum of \$5,000,000. Also in the mid-1970s, the Ministries of Industry, Trade, and Technology, and Tourism and Recreation provided \$2,980,000 to reduce the long term debt of the Lodge which the Government assumed when it acquired the property and to meet losses and maintain the idle facilities at the main lodge. Between 1978 and 1980 both named ministries provided an additional amount of \$653,000 to maintain the idle facilities and to pay for minor capital expenditures. Between 1981, when reconstruction and renovation was begun again, and 1984, when the lodge was reopened and had been operating for one year, the Government spent some \$23,048,000 through the Ministries of Tourism and

Recreation, Industry and Trade and Northern Development and Mines. This money was used principally to renovate the Lodge and its other facilities. In addition the Government spent some \$16,700,000 on ancillary projects, such as highway reconstruction and upgrading the Minaki airport. Since its first year of operation in 1983-84, the Government has also provided operational subsidies of \$1,574,709. Moreover, it is expected that some \$600,000 will be provided by the Government in order to upgrade the Lodge's waste disposal system.

These figures have convinced the Committee that the Ontario Government made a mistake in its decision to commit public funds for the redevelopment of the Minaki Resort. It is the Committee's view that the Ontario Government should not be in the hotel business. Ideally, the Committee would like to see the sale of the Resort to the private sector. The Committee received indication that further capital improvements will have to be made to the property over time. For instance, next year over a half million dollars will be needed to improve the Lodge's sewage system, and it is quite likely that further expenditures of this type will be required to be financed out of public funds.

Under these circumstances, the Committee is of the opinion that future public investment in the Resort should be kept to a minimum, and that no major capital projects be undertaken.

Your Committee, therefore, recommends that:

9. The Board of Directors of Minaki Lodge Resort Limited ensure that public money be used only for necessary repairs and maintenance and that no major capital expenditures be authorized by the Ministry of Tourism and Recreation.

The Committee was informed by representatives of the Board of Directors that Minaki Lodge Resort would be operationally self-sustaining by the year 1987. If this in fact occurs in 1987 or shortly thereafter the Committee is of the opinion that serious consideration should be given to the sale of the Lodge to the private sector. The Committee appreciates that the Government of Ontario's capital investment could not form part of the purchase price, that the major portion of that investment would have to be written-off.

Nevertheless, the Committee feels that it would be in the public interest for the Government to end its financial involvement in the operations of the Lodge.

Your Committee, therefore, recommends that:

10. The Ministry of Tourism and Recreation in conjunction with the Board of Directors of Minaki Lodge Resort Limited make every effort to sell the company.

On taking office the present Government appointed a Special Advisor to the Premier to lead a Special Advisory Group on Crown Corporations, with the task of determining whether the Government should retain or sell its wholly or partially owned corporations. The Committee understands that the Special Advisor is reviewing Minaki Lodge Resort Limited under this mandate. The Committee wishes to encourage the Special Advisor in this review and will forward to the Special Advisor its recommendation that the Resort be sold.

ONTARIO STOCK YARDS BOARD

The Ontario Stock Yards Board was established in 1944 by the passage of the Stock Yards Act. Prior to 1944, the stock yards in Toronto known as the Union Stock Yards of Toronto, Limited, were owned and operated by private interests. The land, property, assets and other undertakings of that company were expropriated by the Government of the day and turned over to the Board.

The role of the Board is to provide the facilities for the trading of all types of livestock.

Under the Act, the Board is to consist of nine persons appointed by the Lieutenant Governor in Council. One member of the Board is appointed Chairman and another as Vice-Chairman. The Chairman receives a per diem of \$140 while the other members receive \$100.

The Board can appoint the Manager and other officers of the Board subject to the approval of the Lieutenant Governor in Council. In addition to the Manager, the Board also has a Secretary/Treasurer. The Manager can also be the Chairman, Vice-Chairman or just an ordinary member of the Board. At present the Manager does not sit on the Board.

The Act permits the Manager to hire employees, and for the year 1984-85 the Board employed eleven office staff and forty-four support staff.

The objects of the Board are to acquire, construct, equip and operate livestock markets, and to acquire and operate such facilities for the transportation of livestock as may be necessary for the purposes of such markets; and to do such other acts as may be necessary or expedient for the carrying out of its operations and undertakings.

The Board's powers include the power to borrow money and to issue securities. It also has the powers set out in sections 23 and 275 of the Corporations Act. Section 23 catalogues some twenty-two ancillary powers given to corporations, including such items as the power to enter into agreements, the power to buy and sell property, to construct and improve its capital assets, and other general powers relating to a company's ability to

conduct business. Section 275 provides that a corporation can construct, alter and maintain any buildings, and can acquire by purchase or lease any land for its purposes and can sell that property when no longer required by the corporation. The Board, subject to approval of the Lieutenant Governor in Council, is also given the power of appropriation. This power is given to the Board under the Ministry of Government Services Act. This power is to be exercised in the manner provided by the Expropriations Act. In exercising this power, the Board cannot be restrained by injunction or any other court proceeding.

The stockyards of the Board are regulated by the Canada Livestock and Livestock Products Act and regulations. The matters subject to the Act and regulations include the manner in which stockyards are to be constructed, maintained and operated; the manner in which complaints against stockyards are to be dealt with; the manner of how accounts are presented and investigated; the manner in which receipts, weights, prices should be recorded; the manner in which calves are to be subjected to anti-mortem inspection; the manner in which condemned calves are to be disposed of; the manner in which business is to be conducted by those using the stockyards; the manner in which shippers' trust accounts are kept by cooperative associations and commission merchants; the manner in which livestock consigned for sale or commission may be pooled for sale and how the accounts are to be made; and any other matter that may be required to enforce these provisions of the Act.

The Act also stipulates that the stockyards are subject to inspection by the Department of Agriculture inspectors. Moreover, the Act regulates the Livestock Exchange, that is the organized selling and buying of livestock at the stockyard's facilities.

The Board is constituted by the Stock Yards Act as a financially self-sustaining agency. The Board's principal source of revenue is a fee it charges on all livestock that pass through its facilities. As well, it also receives income from parking, rentals, interest and land sales. For the year ending June 30, 1984, the operating income of the Board was \$2,601,595, while its operating expenses were \$2,672,538. The result for the year was a loss of \$70,943. Since 1980, the Board has incurred losses in three of the five years. To cover these losses, the Board has borrowed money from the banks.

Since the Board is dependent on the number of livestock coming through its facilities for revenue, its income will be affected by general economic conditions and shifting market patterns, particularly with respect to beef. The Board has noted that there are fewer cattle being marketed in Ontario in the last few years, and producers are selling directly to packing houses thereby by-passing the Yards and the Livestock Exchange. A continuation of these factors places the Yards in a precarious financial position.

Management Board of Cabinet has classified the Board as an Operational agency within Schedule II, and as such is required to have a Memorandum of Understanding with the Minister of Agriculture and Food. The existing Memorandum was signed in 1979. It provides that the Board's primary concern is the provision of convenient and efficient facilities for the sale of livestock at the lowest cost consistent with the provision of appropriate service.

With respect to the responsibilities of the Board and the Minister, the Memorandum stipulates that the Board cannot dispose of or acquire real property without the written approval of the Minister. The Minister is given the right to request of the Board that it alter its operations or extend its services where it is the opinion of the Minister that such changes would improve service to the Board's customers.

As for financial arrangements, the Board is required to be self-sustaining as far as possible, using its revenue from rentals and charges to meet its operating and maintenance expenditures. The Board is required to file with the Minister a copy of every budget forecast prepared by the Board.

The Board is prohibited from engaging in any activity that would affect any loan made to the Board by the Government or guaranteed by Government without the express approval of the Minister. The Board is also required to consult with the Treasurer if it enters into discussion with the Canadian Bankers' Association, if it enters into any financial arrangements which would increase the Province's direct, indirect or contingent liabilities, or if it implements any financial endeavour that could have an effect on the finance and debt policies of the Province.

Where there is a requirement that the Board's actions be approved or filed with or done by the Minister or Lieutenant Governor in Council, then the Board must deal with the Deputy Minister of Agriculture and Food.

In administrative matters, the Board is required to adhere to the spirit and intent of the Ontario Manual of Administration. The Board must file an annual financial report with the Minister which is audited by the Provincial Auditor. The Minister is given the right of appointing an internal auditor from the Ministry.

Recommendation

The Ontario Stock Yards, as the Committee learned, has experienced financial difficulties, the result of a number of factors relating to the red meat industry, particularly the beef industry.

As a financially self-sustaining agency, the Ontario Stock Yards receives its revenue in the form of yardage fees on the livestock that pass through its facilities. Over the last several years this revenue has not kept pace with expenditures, and, as a result, the Stock Yards have incurred several years of deficits. This has forced the Board to implement a policy of restraint and cost-cutting, and has hindered the Board's efforts to improve its physical plant. On the evidence presented to the Committee, this situation is likely to persist.

The factors leading to this state of affairs center on the changing economics of the beef industry. Consumer tastes, for instance, have changed, with greater consumption of meat other than beef. However, of more decisive impact on the Ontario Stock Yards has been the practice of a significant number of beef producers to by-pass the auction market at the Stock Yards and sell their products directly to packers. Estimates of what proportion of producers sell in this manner range from 20% to 30%. It should be noted that some of the major producers in Ontario are included in these figures.

This type of direct selling has a dual impact. The Ontario Stock Yards has suffered as a result of a decrease in the volume of cattle marketed through its facilities. At the same time, this practice has had a significant impact on

price-setting as determined by the auction market at the Stock Yards. Where a significant portion of beef cattle by-pass the auction market, prices will be on average lower than if all these cattle came to the Yards for auction. Smaller producers suffer the most from lower auction prices, since their profit margins are squeezed by large overhead costs and lower auction prices. Under these circumstances, the smaller producers may be forced to withdraw from beef production, or may feel that the returns are not sufficient to continue production. The end result could be the deterioration of the entire beef industry in Ontario.

It was evident to the Committee that the future health of the Ontario Stock Yards depends on the future health of the Ontario beef industry. In discussing these issues with the Board of the Ontario's Stock Yards, several proposals were advanced for consideration. One proposal would see the creation of a marketing agency that would ensure that all beef cattle produced in Ontario would be sold through the auction market either at the Ontario Stock Yards or at community sales markets. Another proposal would see the establishment of a price stabilization program for beef that would ensure that producers received an equitable return on their investment.

The Committee understood that the former Minister of Agriculture had initiated a Commission to deal with these issues, but that the recommendations of that body were not implemented. In view of the seriousness of the problems of the beef industry, and their impact on the Ontario Stock Yards, the Committee feels that the present Minister of Agriculture should continue the consultative process with Ontario beef producers with a view to resolving the problems of the industry.

Your Committee, therefore, recommends that:

11. **The Minister of Agriculture undertake to consult with Ontario beef producers in order to resolve the pricing problems of the industry.**

The Committee believes that if the pricing problems are resolved, the Ontario Stock Yards would benefit directly. However, until such time as these issues are resolved, the Ontario Stock Yards will continue to have some financial difficulties. On the assumption that the continued existence of the Ontario

Stock Yards is in the public interest, the Committee is of the opinion that the Minister of Agriculture should consider providing the Board of the Stock Yards with a capital grant for any renovation or other capital improvements in the physical plant. The Committee also believes that the Minister could assist the Stock Yards by providing a subsidy which would permit the Stock Yards to lower or dispense with its yardage fees. This action would encourage beef producers to take their cattle to the Yards for auction.

Your Committee recommends that:

12. The Minister of Agriculture provide the Board of Governors of the Ontario Stock Yards with a capital grant for the improvement of the Stock Yards physical plant.

The Committee makes the above recommendation recognizing that the Minister of Agriculture and Food is conducting a review of the Stock Yards to determine its future development. The Committee appreciates that such a review may recommend major changes as to how the Stock Yards will operate in the future, thereby making this recommendation unnecessary.

METROPOLITAN TORONTO CONVENTION CENTRE
CORPORATION BOARD OF DIRECTORS

The Metropolitan Toronto Convention Centre Corporation was created in 1981 by Order in Council and, was built with money provided by the Federal, Provincial and Metro Toronto governments. The Centre opened for business in October of 1984.

The objects of the Corporation are set out in the Order in Council establishing the Corporation. The Corporation has six objectives:

1. To construct, operate, maintain and generally manage an international class convention centre facility in the Municipality of Metropolitan Toronto to be known as the Metropolitan Toronto Convention Centre.
2. To operate and manage the convention centre facility in a manner that will promote and develop the tourist industry in Ontario.
3. To make agreements with persons with respect to the establishment or operation by them of any works or services in connection with the proper operation and maintenance of a convention centre.
4. For the objects aforesaid, to operate retail shops, restaurants, theatres, parking facilities, exhibition facilities, and any other facilities or conveniences incidental to or necessary to the operation of a convention centre.
5. To receive and take from any person by grant, gift, devise, bequest, or otherwise any property, real or personal, or any interest therein.
6. To do all things that are incidental or conducive to the attainment of the objects of the Corporation.

The Corporation is designated as a crown agency and is incorporated under the Corporation Act without share capital. A majority of the Board of Directors are appointed by the Lieutenant Governor in Council. There are at present thirteen Directors. Eight of the Directors including the Chairman represent the Province, three represent the Municipality of Metropolitan Toronto, while the representative of the Government of Canada has not been appointed. The Chairman receives \$140 per diem while other Directors receive \$100 per diem. The Board met ten times in 1984. In 1984-85, the Corporation will employ 121 permanent staff and about 800 casual staff.

The Metropolitan Toronto Convention Centre Corporation is designated as an Operational agency within Schedule II by Management Board of Cabinet. The

Corporation is required to have a Memorandum of Understanding with the Ministry of Industry, Trade and Technology detailing the administrative, financial and other relationships between the agency and the Ministry.

With respect to the responsibilities of the Minister, the Memorandum stipulates that the Minister will define for the Corporation's Board of Directors the Ontario Government's policies in order to help the Board develop short and long-term plans for the Corporation. Moreover, the Minister will recommend the nomination of the Directors of the Corporation representing Ontario; will review and approve the annual capital and operating budgets and multi-year plans of the Corporation; receive the annual report and financial statements of the Corporation; obtain any necessary governmental authority to enable the Corporation to carry out its mandate including prior approval of funding for capital expenditures and operating subsidies; and recommend the appointment of the auditors of the Corporation.

On the other hand, the Board of Directors is made responsible for carrying out the mandate of the Corporation, as previously described; making by-laws for the Corporation; meeting at least four times a year to carry out the business of the Corporation; reviewing and approving the Corporation's annual budgets; appointing auditors; approving and submitting the Corporation's annual report to the Minister; providing the Minister with copies of agenda and minutes of meetings of the Board; translating government policy as stated by the Minister into operational policy; evaluating the operational performance of the Corporation and ensuring that procedures are in place for effective financial control.

With respect to financial arrangements, the Memorandum stipulates that in addition to developing the Corporation's annual capital and operating budgets and multi-year financial plan, moneys for the Corporation that are the responsibility of the Ontario Government are to be appropriated by the Legislature on the recommendation of the Minister. When the Corporation proposes to enter into any financial arrangement that could increase the Province's direct, indirect or contingent liabilities, or that affect the Province's financial, cash or debt management policies, the Corporation is required to obtain prior approval of the Assistant Deputy Minister, Office of the Treasury.

The Corporation is given the power to invest temporarily any surplus in securities issued or guaranteed by the Ontario Government, by any other provincial government or the Government of Canada; in guaranteed investment certificates of any trust company registered under the Loan and Trust Corporations Act; or in deposits, receipts, deposit notes, certificates or deposits, acceptances or other similar instruments issued or endorsed by any chartered bank established under the Bank Act.

The Memorandum stipulates that the property and the income revenues and profits of the Corporation must be applied solely to promote the objects of the Corporation. With respect to capital construction costs, the Government of Canada and Metropolitan Toronto are required to pay their shares directly to the Corporation.

The operating relationships are established as follows. A majority of the Board of Directors are appointed with the approval of the Lieutenant Governor in Council for three year terms. Of the remaining Directors, three are appointed by the Council of the Municipality of Metropolitan Toronto, and any Directors representing the Government of Canada are appointed with the approval of the Government of Canada. All serve three year terms. Directors are appointed annually and on a rotating basis. The Chairman is appointed by the Lieutenant Governor in Council.

The Board appoints all officers of the Corporation, and can delegate all or part of its authority to the President and Chief Executive Officer or other officers of the Corporation. The Directors, officers and employees of the Corporation are exempted from civil liability if they have acted in good faith in carrying out their responsibilities.

With respect to administrative relationships, the Memorandum requires the Corporation to act as a Schedule II agency under the provisions of Section 25(2) of the Ontario Manual of Administration. The Corporation is given power to hire professional and technical experts, and has civil servants seconded to it. The Manual of Administration applies to the Corporation, unless specifically exempted, and the Corporation is required to "buy Canadian" wherever possible.

In addition to being subject to private auditors appointed by the Minister, the Corporation is also subject to audit by the Provincial Auditor. The Corporation is also obliged to provide the Minister with such comprehensive reports as Quarterly Financial Statements and Variance Reports, Capital Expenditure Status Reports and the Agenda and Minutes of the Corporation's Board meetings.

Funding for the Metro Toronto Convention Centre is provided by the Ministry of Tourism and Recreation through grants for both capital and operating expenditures. Grants to the Centre have been as follows:

| | <u>Operations</u> | <u>Capital</u> |
|---------|-------------------|----------------|
| 1984-85 | \$1,449,500 | \$4,400,000 |
| 1983-84 | 895,000 | 21,100,000 |
| 1982-83 | 693,000 | 14,000,000 |
| 1981-82 | <u>60,000</u> | <u>--</u> |
| Total | \$3,097,500 | \$39,500,000 |

With respect to the Centre's operating expenditures, these can be broken down into the following categories.

| | <u>1983-84</u> | <u>1982-83</u> | <u>1981-82</u> |
|--------------------------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$472,149 | \$304,737 | \$194,415 |
| Transportation and Communications | \$65,000 | \$40,644 | \$35,672 |
| Services | \$310,460 | \$408,236 | \$206,773 |
| Supplies and Equipment | <u>\$ 29,891</u> | <u>\$ 67,362</u> | <u>\$123,259</u> |
| Total | \$877,500 | \$820,979 | \$560,119 |

In addition to the grants provided by the Ontario Government through the Ministry of Tourism and Recreation, the Federal Government provided a grant of \$23 million for capital costs and the Metropolitan Toronto Council provided \$16.5 million for capital costs. These capital grants were single grants made for the construction of the Centre. Neither jurisdiction provides any continuing grants.

Recommendations

In its review of the Metropolitan Toronto Convention Centre, the Committee was informed of the possible expansion of the Centre. This expansion is contemplated to take place in conjunction with the creation of the Dome Stadium on a site adjacent to the Centre. The Committee, at this time, has no recommendation with respect to the feasibility of such a plan, given that the decision as to the location of the stadium has not been finalized. The Committee does, however, wish to comment on the possibility of the Centre's expansion in general and irrespective of the circumstances under which such expansion would take place.

The Committee was informed that the Centre would be operationally self-sustaining by 1987. It is the Committee's view that any contemplation of expansion should be tied to the Centre's ability to achieve sustained financial viability. A period of five years during which the Centre could show that it could meet its operating expenses out of revenues would appear to the Committee to be sufficient in this regard. The Committee is led to this opinion in light of the fact that all the money required to build the Centre came out of the public purse. The Committee appreciates that there are spillover economic benefits to the community even if the Centre were to receive both operational and capital grants from the Province. However, at a time of fiscal restraint it would not be prudent for the public to make a further capital investment without some clear indications of whether the Centre would be operationally self-sustaining or whether the Province would have to subsidize the operations of the Centre for the foreseeable future.

Moreover, the question of expansion raises the further issue of private sector participation. As already stated, there are spillover economic benefits to having a major convention centre in Toronto. These benefits accrue largely to restaurants and hotels. This being the case, the Committee is of the opinion that those businesses that enjoy financial benefit from the Convention Centre should invest in any future expansion of the Centre.

Those benefiting from the Centre should begin to pay some fee to the Centre to be used for capital investment purposes.

Your Committee, therefore, recommends that:

13. The Metropolitan Toronto Convention Centre not undertake any expansion of its facilities until it has shown sustained financial viability; and that where expansion is undertaken, the Toronto hospitality industry be asked to make a contribution to that capital investment.

The Committee in its deliberations discussed the issue of spillover effects that can result from the operations of a convention centre. While it found no difficulty in assuming that such spillover benefits do occur, it did not think that a proper comprehensive scientific study has been conducted to ascertain the precise extent of such benefits to the business community, or to certain sections of the business community. The questions the Committee would raise in this respect are; how much money flows into the community; how much of this money benefits hotels, restaurants and other businesses; which businesses benefit most; and if Toronto benefits, are other parts of the Province losing money? The Committee believes that a comprehensive cost benefit analysis should be undertaken by the Centre in conjunction with the Toronto hospitality industry. The results of such a study would add to our knowledge of how and who in the community receives most benefit from the Centre.

Your Committee, therefore, recommends that:

14. The Metropolitan Toronto Convention Centre in cooperation with the Toronto hospitality industry undertake a comprehensive cost benefit analysis of the Centre's economic impact on Metropolitan Toronto and the Province, and that this analysis be made public on its completion.

The Committee also wishes to raise the question of financing convention centres. While the Committee recognizes that some public involvement in the capital construction of such centres may be necessary, the extent and form of that financing is not clear. Should it be entirely by way of grants or loans, or some mixture of both? Moreover, it is not clear to the Committee what the contribution of the three levels of government should be, or what the participation of the private sector should be? The Committee feels that these issues need to be resolved so that, in the future, similar capital projects can be financed on an equitable basis by the three levels of government and the

private sector. The Committee believes it would be appropriate for the Government to devise a formula that could be used for these types of capital projects.

Your Committee, therefore, recommends that:

15. Management Board of Cabinet devise a formula for financing capital projects, and other facilities that receive public funds from the three levels of government and the private sector.

The Committee is also concerned about the future of the Convention Centre. As was already stated, the Committee believes that the Centre should be financially self-sustaining in five years. If this target is reached, the Committee is of the view that serious consideration should be given to selling the Centre to the private sector. The Committee does not believe the Ontario Government should be directly involved in operating and managing a convention centre.

16. The Ministry of Tourism and Recreation give serious consideration to selling the Metropolitan Toronto Convention Centre when it becomes financially self-sustaining.

ONTARIO RIGHTS COMMISSION

The Ontario Human Rights Commission was first created by the Ontario Anti-Discrimination Act of 1958 as amended in 1960. In 1962, with the passage of the Ontario Human Rights Code, the Commission was re-established to administer that Code. In 1982, after a major review of the existing Code, a new Code became law. The Code is a comprehensive statute incorporating a number of previously passed anti-discrimination laws.

The Ontario Human Rights Code provides that every person has a right to freedom from discrimination in the areas of services, goods and facilities; and with respect to occupancy of accommodation, contracts, employment, membership in vocational associations, and trade unions. Discrimination in these areas is prohibited on the grounds of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, handicap, age (18-65 years in employment; 18 years and over in other areas), marital status (includes cohabitation, widowhood, separation), family status (parent-child relationship); receipt of public assistance (in accommodation only); and record of offences (provincial offences, pardoned federal offences--in employment only). Moreover, the Code forbids harassment because of any of the prohibited grounds, including race and sex, in accommodation and employment.

The Code more closely defines circumstances which could be construed as resulting in discrimination, while at the same time, the Code provides for specific exemptions, that is actions which are not deemed to be acts of discrimination.

The Code not only applies to the private sector, but also to the Ontario Government and its agencies. Moreover, the Code takes precedence over every other act or regulation, except where an act or regulation specifically exempts the provisions of the Code.

The Code prescribes the following functions for the Commission:

- (a) to forward the policy that the dignity and worth of every person be recognized and that equal rights and opportunities be provided without discrimination that is contrary to law;

- (b) to promote an understanding and acceptance of and compliance with this Act;
- (c) to recommend for consideration a special plan or program designed to meet the requirements of subsection 13(1), subject to the right of a person aggrieved by the implementation of the plan or program to request the Commission to reconsider its recommendation and section 36 applies with necessary modifications;
- (d) to develop and conduct programs of public information and education and undertake, direct and encourage research designed to eliminate discriminatory practices that infringe rights under this Act;
- (e) to examine and review any statute or regulation, and any program or policy made by or under a statute and make recommendations on any provision, program or policy, that in its opinion is inconsistent with the intent of this Act;
- (f) to inquire into incidents of and conditions leading or tending to lead to tension or conflict based upon identification by a prohibited ground of discrimination and take appropriate action to eliminate the source of tension or conflict;
- (g) to initiate investigations into problems based upon identification by a prohibited ground of discrimination that may arise in a community, and encourage and co-ordinate plans, programs and activities to reduce or prevent such problems;
- (h) to promote, assist and encourage public, municipal or private agencies, organizations, groups or persons to engage in programs to alleviate tensions and conflicts based upon identification by a prohibited ground of discrimination;
- (i) to enforce this Act and orders of boards of inquiry; and
- (j) to perform the functions assigned to it by this or any other Act.

From the above provisions of the Act, we can discern several broad functions assigned to the Commission. First, there is a clear educational function, requiring the Commission to advance the policy of equality and anti-discrimination within the Province and promote an understanding of the Code.

The Code does not set out the details of how the Commission is to perform this educational function, leaving the matter to the discretion of the Commission. Moreover, the Commission is given a research function, that asks it to undertake ways to eliminate discriminatory practices. At the same time, the Commission is given the authority to make recommendations to the Government with respect to any statute or regulation, any program or policy of government that in the Commission's opinion is inconsistent with the intent of the Act.

The Commission is also given a remedial function that requires it to suggest appropriate affirmative action programs, to deal with sources of tension where such tension is the result of discrimination, and to involve itself in the community, investigating discriminatory practices and incidents and coordinating programs that seek to alleviate discriminatory problems, and to promote programs with various public, private or municipal social agencies that seek to alleviate tensions and conflicts that result from discriminatory practices.

Finally, the Commission is given an enforcement function, that requires the Commission to enforce the Act or Code and the orders of boards of inquiry.

The Ontario Human Rights Commission is composed of not fewer than seven members appointed by the Lieutenant Governor in Council. At present, there are twelve Commissioners. One Commissioner is designated as Chairman while another is made Vice-Chairman. The Lieutenant Governor can fix the remuneration for the Chairman, Vice-Chairman and members of the Commission. At present, the Chairman receives an annual salary of \$63,671, while the Vice-Chairman receives a per diem of \$150 and other members \$125. In addition, each member receives one-half day per diem for preparation time prior to full Commission meetings.

The Commission has several divisions, the one statutory division is the Race Relations Division. It is composed of three members, one of whom is designated as the Commissioner for Race Relations. This Commissioner receives an annual salary of \$56,817, plus all civil service benefits. The other divisions include, the Conciliation and Compliance Division, the Unit for the

Handicapped, the Legal Section, and Head Office staff. In addition, the Commission's staff is organized along regional lines, so that there is an Eastern Ontario Region Office, a Northern Ontario Region Office, Southwestern Ontario Region Office, Toronto Central Region Office, Toronto East Region Office and Toronto West Region Office. In the 1984-85 period, the Commission employed 99 people. These employees of the Commission are appointed under the Public Service Act.

While the Act does not specify a quorum, it does require that when the Commission delegates any function to a division of the Commission this division must include three members of the Commission.

In fulfilling its educational function, the Commission participates in conferences and seminars. In 1984-85, the Chairman gave 25 formal speeches, participated in 20 major conferences and addressed or participated in 375 public education and community functions. In addition, the Commission engages in on-going consultations with all sectors of the community through formal and informal meetings. The Commission also publishes an official newsletter called "Affirmation" which covers a wide range of topics on human rights. The newsletter has a circulation of 10,000, and is sent to employers, schools, labour, community organizations and the public. Moreover, in 1983-84, an extensive educational trip was conducted in northern Ontario and in 1984-85 the Chairman travelled throughout eastern and southwestern Ontario. The Commission was also involved in various other educational activities, including hosting a seminar on the "merit principle", participating in the Bicentennial celebrations and consulting with various leaders, groups and the public in London, Ontario.

The Commission is also involved in such organizations as International Association of Official Human Rights Agencies, the Canadian Association of Statutory Human Rights Agencies and the Federal-Provincial-Territorial Committee of Officials Responsible for Human Rights. In addition, in 1984 the Chairman travelled to the Soviet Union to talk to Russian Jews, and attended a Human Rights Workshop in Eisenach, East Germany. The Commission also participated in the 36th Anniversary of the United Nations Declaration of Human Rights.

As was pointed out previously, the Race Relations Division has a remedial function to reduce and prevent racial tensions and conflicts from arising in the community. In fulfilling this mandate, the Division has become extensively involved in community work, through its own initiative or through cooperation with private organizations, municipalities and agencies of the Ontario Government. It has worked closely with the Cabinet Committee on Race Relations dealing with such issues as youth unemployment, equal opportunity employment, housing and government advertising. Moreover, it has assisted the Metropolitan Toronto Housing Authority in developing a better race relations climate, and has worked closely with the Ontario Youth Secretariat and the Ontario Manpower Commission, as well as business groups, promoting employment opportunities for youth of various racial backgrounds. The Division has also worked closely with the Ministry of Education and various school boards preparing policy initiatives on how to deal with various race related issues in the schools.

With respect to the private sector, the Division has prepared information packages that deal with ways to prevent racial discrimination in the work place. The Division has also assisted the OFL and local labour councils in planning race relations campaigns.

Assistance was also provided to Ontario police forces, focusing on police-minority relations and police training on race relations. Thus, the Division worked to improve relations between Native people and the police in northern Ontario. With respect to training, the Division has met with various police institutions, including the Chiefs of Police, providing police training sessions. As well it has worked in cooperation with the Ontario Police Commission to establish a police training workshop at the Ontario Police College in Aylmer.

Moreover, the Division has worked with many organizations, such as the Urban Alliance on Race Relations, to produce two handbooks dealing with the issue of race relations in the media, with various municipal race relations committees to improve relations in their areas, with religious institutions to promote racial harmony, and with hospitals, clinics and social service agencies in providing assistance in developing programs for multi-racial and multi-ethnic communities in Ontario.

The Division has established a Community Relations Team whose function is to assist in resolving potential problems in Metropolitan Toronto and the surrounding areas, and which has worked closely with the Metropolitan Toronto Housing Authority in this regard.

In addition to these remedial services, the Division has developed an in-house research capability to meet the demand for reports, position papers and other documentation. Various research projects have been undertaken on such matters as the experience of selected visible minority business proprietors in Metropolitan Toronto and the career paths of recent visible minority MBA graduates from Canadian universities.

A Unit for the handicapped has been established to deal with discrimination against the handicapped, a provision which became law in 1982.

The enforcement of the Code is made the responsibility of the Commission, specifically of the Conciliation and Compliance Division. A person who believes that his or her right under the Code has been infringed can file a complaint with the Commission. The Commission itself is also given the power to initiate a complaint or it can file a complaint on behalf of any person, including any third party. Two or more complaints of a similar severe nature can be combined by the Commission and dealt with at the same proceeding.

After receiving the written complaint, the Commission is obliged to investigate the complaint and seek a settlement. The investigator, either a member or an employee of the Commission, has the power to enter any place except a private dwelling, to investigate a complaint, and can ask to inspect and examine any relevant documents. He can remove such documents in order to reproduce them, and can question any person with respect to the complaint matter. Witnesses have the right to have counsel or a personal representative present. Where the investigator wishes to enter a private home or dwelling with the consent of the occupant, a search warrant is first required to be obtained from a justice of the peace. Where in other circumstances, a person who is or may be party to a complaint denies the investigator entry to any premises or otherwise impedes the investigator, the Commission can either ask

the investigator to seek a search warrant or it can ask the Minister to establish a board of inquiry. The Commission has the same options if there is a refusal to produce documents.

The Commission is also given the power not to proceed with a complaint where the Commission feels that the complaint could be better dealt with under some other Act, as for example the Ombudsman Act, or where the complaint is trivial, frivolous, vexatious or made in bad faith, or where the complaint is not within the jurisdiction of the Commission, or where the incident on which the complaint is based occurred six months before the complaint was made, though the Commission can waive this provision if the delay was incurred in good faith. If the Commission does not proceed with a complaint, it must advise the complainant and the respondent in writing of the decision and the reasons for the decision. The complainant has fifteen days within which to file an application for reconsideration of the Commission's decision. The Commission under these circumstances must afford the complainant the right to submit written submissions and afford the respondent an opportunity to reply to such submissions. The Commission's decision and the reasons therefore must be communicated promptly to the parties. The Commission's decision is final; in other words, there is no appeal.

Where the Commission decides to proceed with a complaint, that complaint is then registered and assigned to an investigating officer. A Fact Finding Conference is then usually held at which Commission staff provide an opportunity to both the complainant and the respondent to present their views on the matter, and to elicit all the relevant facts. At this stage a settlement will be discussed with the parties. If a settlement cannot be reached, a further investigation is usually undertaken to gather more information. Further attempts at conciliation will be made at this stage. If a settlement is reached, and is agreed to in writing, the settlement becomes binding on all parties and any breach can be subject to a further complaint. The Commissioners sitting as a Case Review Panel will ratify any settlement reached or will refer the case to staff for further action. Where cases cannot be resolved by this process, the Commission can ask the Minister of Labour to appoint a board of inquiry. Alternatively, the Commission may decide not to recommend a board of inquiry, in which case the complainant and respondent must be notified in writing and given the reasons for the decision. The

complainant can ask the Commission to reconsider its negative decision, and the complainant has fifteen days to file an application making this request.

The Minister of Labour can appoint one or more persons to sit as a board of inquiry. Board members are usually law professors. The board of inquiry conducts a quasi-judicial hearing according to the Statutory Powers Procedure Act.

Members of the board must not have taken any part in the investigation of the matter before them, though the board can ask for independent legal advice and such advice must be provided to all the parties to the hearing.

A hearing by a board of inquiry must begin within thirty days from the time the board was appointed. The board is required to determine whether the Code has been contravened, and by whom. The board can issue a summons to produce documents and can adjourn the proceedings until all parties have had a chance to review the documents. The board can adjourn the proceedings for on-site inspections. All oral evidence is recorded and copies can be requested.

After a hearing the board has thirty days to make a decision. If the board finds that the Code has been contravened, the board can order compliance with respect to the particular complaint and any future practices. Moreover, the board can ask that restitution be made to the complainant, including monetary compensation and such compensation can include an award of \$10,000 maximum for mental anguish. With respect to discrimination because of a handicap, the board can order that access or amenities be made available appropriate to the handicapped person, or that equipment be adopted to meet the handicapped person's requirements. In each case, excessive costs must be taken into consideration by the board.

Where the matter before the board is the result of harassment with respect to accommodation, employment or sex and the board makes a finding upholding the complainant, the Commission can reconvene the original board of inquiry if contravention of the Code continues and the board can order that such contravention cease.

If for any reason a board cannot deal with any matter before it, the Commission can ask that a new board of inquiry be appointed.

Where a board finds that a complaint has been trivial, frivolous, vexatious or made in bad faith, or undue hardship was caused to the person complained against, the board can order that the Commission pay that person such costs as the board deems appropriate.

Any party to a board of inquiry proceeding is entitled to appeal a decision or order of the board to the courts, which can affirm or reverse the board's order or decision.

Any person who is found to have contravened a right established under the Code, or who has obstructed the execution of a search warrant, or has contravened an order of the board of inquiry is guilty of an offence and on conviction is liable to a fine not exceeding \$25,000. However, no prosecution can be instituted without the consent of the Attorney General.

Moneys required by the Commission for its operations are appropriated by the Legislature. Estimates of the Commission form part of the Estimates of the Ministry of Labour. Expenditures of the Commission for the last three available fiscal years are shown below:

| | <u>1984-85</u> | <u>1983-84</u> | <u>1982-83</u> |
|-----------------------------------|----------------|----------------|----------------|
| Salaries and Benefits | 3,556,980 | 3,199,704 | 2,903,090 |
| Transportation and Communications | 443,083 | 418,481 | 345,961 |
| Services | 561,620 | 553,622 | 1,083,382 |
| Supplies and Equipment | <u>287,613</u> | <u>220,672</u> | <u>413,962</u> |
| Total | \$4,849,296 | \$4,392,479 | \$4,746,395 |

The Ontario Human Rights Commission is classified by Management Board of Cabinet as a Regulatory agency within Schedule I, and as such it is required to have a Memorandum of Understanding with the Minister of Labour. The Memorandum sets out the statutory responsibilities of the Commission as well as the relationship between the Minister of Labour and the Commission. The Minister is made responsible for reporting to the Legislature on the activities

of the Commission, and for tabling the Commission's annual report. The Chairman of the Commission, for his part, is responsible for reporting to the Minister on the affairs of the Commission, as well as making an annual report to the Minister no later than 30 June of each year. In addition, the Commission is required to assist the Ministry in preparing multi-year plans, budgets, cabinet submissions and other material as required.

With respect to financial arrangements, the Memorandum expressly forbids the Commission from borrowing money or entering into any deficit financing. The Commission must prepare an annual budget for the Ministry to be included in the Ministry's Estimates. The Ministry's Finance Branch is required to prepare monthly statements with respect to the Commission's expenditures. This provision ensures an orderly disbursement of funds over the course of the fiscal year.

As for operating relationships, the Memorandum repeats what is stipulated in the Act, but also includes a provision that in personnel matters the Ministry's Finance and Administration Division will supply support services, and in financial matters the Ministry's Finance Branch will do likewise with respect to any audit, budgetary or payroll matter. The Ministry's Administrative Operations Branch will coordinate supplies and equipment for the Commission and the Management Planning Branch will provide assistance with respect to resource planning, financial operations and manpower matters.

With respect to audits, the Commission is subject to the Ministry's internal audit and to the Provincial Auditor.

Recommendations

In the course of reviewing the work of the Ontario Human Rights Commission, the Committee was informed of a number of problems the Commission was experiencing.

It was evident to the Committee that despite the efforts of the Commission to remedy the problem, more and more cases are taking six months or more to resolve. This could be a matter of understaffing or the result of inadequate

caseload management, or both. Whatever may be the causes of this problem, the Committee feels strongly that improvement in caseload management should be a high priority for the Commission.

Another issue of concern to the Committee is the dual role given to the Commission under the Ontario Human Rights Code. On the one hand, the Commission, through its Conciliation and Compliance Division, is required to enforce the Code, and on the other, to educate the public with respect to how the Code applies in various daily circumstances, and to advocate ways to reduce racial tensions in the community. This advocacy and educational role is largely if not exclusively the responsibility of the Race Relations Division of the Commission. On the available evidence, there appears to be some tension between these two roles and divisions in the Commission. Thus, it is not clear to the Committee whether staff of the Commission perform both roles, or if there are separate staffs to perform these two separate functions. Clearly if staff are performing both roles then it is quite possible that neither role is adequately served. The mixing of both regulatory and educational functions under one organizational umbrella may also lead to public confusion as to the Commission's powers and its image in the community.

With respect to the Commission's image in the community, the Committee has some concern that the Commission comes under the purview of the Minister of Labour. While the Commission is created at "arms length" from the Government, the fact that the Minister of Labour has overall responsibility for the work of the Commission may cause many in the community to see the Commission as a branch of Government. This perception, rightly or wrongly, may lead some people to view the Commission as having a governmental function. This perception may lead some to have less than complete confidence in the independence of the Commission. The Committee raises the question of whether it may be more appropriate to have the Commission report to the Ontario Legislature, as does the Ombudsman for example, rather than to the Minister of Labour.

With the entrenchment of the Charter of Rights and Freedoms as part of the Canadian Constitution, the Committee is concerned that the Ontario Human Rights Code needs to be reviewed to ensure that the Code conforms to the

Charter. Failure to bring the Code into line with the Charter may lead to confusion in the community and possibly unnecessary legal proceedings.

As well, the Committee is of the view that the problems of the native peoples of Northern Ontario as these relate to various types of discrimination have not been adequately addressed by the Commission. A great deal more needs to be done to ensure that native peoples are given the same opportunities to deal with discrimination through the work of the Commission as now is afforded those people living in Southern Ontario.

In addition to these concerns, the Committee also was made aware that various procedural mechanisms used by the Commission in its enforcement function may not be adequate to ensure equitable and efficient resolution of the cases brought before it. Thus, the Committee is concerned with complaints that the investigation of complaints takes too long, that there is unequal access to information, that complainants are not provided with guides or pamphlets explaining their procedural rights, that investigations are not thorough enough to enable the Commission to resolve cases fairly, that boards of inquiry take too long to process each case, that there is no appeal procedure when the Commission rejects a proposal for a board of inquiry, that boards of inquiry have only one member and that complainants have no right to have their counsel's legal costs paid. After reviewing all the above described problems, complaints and criticisms of the Ontario Human Rights Commission and realizing that the matters raised cover all aspects not only of the work of the Commission but the adequacy of the Ontario Human Rights Code, the Committee came to the conclusion that only a thoroughly comprehensive review of the Human Rights Code and the operations of the Ontario Human Rights Commission could deal with the various problems and complaints raised during the Committee's deliberations. While the Committee has a mandate to review the procedures and the work of the Commission it has no mandate to review the policies set out in the Code itself. Believing that it is important for any comprehensive review of the Commission to include a thorough review of the Code itself, the Committee is of the opinion that such a review should be undertaken by Committee of the Legislature with the express mandate to review the Ontario Human Rights Code and the operations of the Ontario Human Rights Commission.

The Committee notes that on November 22, 1985, the Minister of Labour announced in the House that a review of the operations of the Ontario Human Rights Commission has been initiated and that amendments to the Human Rights Code will be introduced shortly. The Committee believes that such a review is necessary and wishes to recommend that a committee of the House should undertake a comprehensive review of the Code and the Commission. However, given the Minister of Labour's commitments in this regard, a legislative review of the Commission should wait until the completion of the Ministry's internal review. Your Committee, therefore, recommends that:

17. Within one year of the completion of the Ministry of Labour's review of the Ontario Human Rights Code and the operations of the Ontario Human Rights Commission, the Standing Committee on Procedural Affairs and Agencies, Boards and Commissions, or any other committee authorized by the House, conduct a review of the Ontario Human Rights Commission.

ONTARIO ECONOMIC COUNCIL

The Ontario Economic Council was first established in 1962 by Order-in-Council as a research and advisory body. The Council would focus its attention on issues relating to encouraging sustained high growth and economic development of the Province. During these early years, the Council adopted a low public profile, working solely within the ministry structure in providing advice and recommendations. The Council was to report to the then Minister of Economics and Development. In this role, the Council did not assume the position of a public advisor or critic with respect to Government policy.

In 1968, the Council's role was changed as a result of the passage of the Ontario Economic Council Act, establishing the Council on a statutory basis. The Council was now an "arms length" agency of the Ontario Government with independence to pursue its objectives within the mandate set by the enabling legislation. As envisaged by the then Premier, the Council was to play a key role in the formation of public policy, focussing attention on outstanding and emerging issues in the Province. In other words, the Council was given the freedom to be an independent advisory organization.

As set out in the Act, the Council's duty is to advise and make recommendations to the Executive Council or to any member of the Council with respect to such matters as:

- encouraging the maximum development of the human and material resources of Ontario,
- supporting the advancement of all sectors of Ontario,
- fostering conditions for the realization of higher standards of living for the people of Ontario.

In addition, the Council can also:

- conduct socio-economic studies in any area considered by the Council to be of concern,
- cause to be published such studies and reports as are prepared by or for the Council,
- cooperate and maintain liaison with the Economic Council of Canada and bodies in other jurisdictions corresponding to the Council,

- create an awareness and public understanding of provincial socio-economic issues by holding seminars and conferences,
- create such committees it considers desirable for the carrying out of its objectives,
- undertake such other duties as are assigned by the Lieutenant Governor in Council.

Under the Act, the Council is to consist of twenty-one members appointed by the Lieutenant Governor in Council, one of whom is designated as Chairman, who holds office for five years. Other members hold office for three years, though one-third of the appointees retire every year. The Chairman and the other members are eligible for reappointment, and there is no statutory limit on the number of reappointments that can be made, though in 1979 Cabinet prescribed a maximum of six consecutive years.

The Chairman's remuneration is \$24,000 a year, while the Vice-Chairman's is \$10,000; other members receive no per diems, but do receive reimbursement for travelling and living expenses while fulfilling their responsibilities to the Council.

The staff of the Council includes a Research Director, an Executive Secretary, an Administrative Officer, three Research Officers and four Research Assistants, two Librarians, a Publications Co-ordinator, six Publications Processors, and five Consultants.

Expenditures for the Ontario Economic Council are appropriated by the Legislature and appear in the Estimates of the Ministry of Treasury and Economics.

For the year 1984-85, the Estimates of the Council are \$1,201,000, with \$476,000 for wages and benefits; \$78,000 for transportation and communication; \$623,000 for services, principally associated with the printing and publishing of Council reports; \$24,000 for supplies and equipment. The total sum of \$1,201,000 is a decrease over the previous year's estimates of \$55,000.

Management Board of Cabinet has designated the Council as an Advisory agency within Schedule I. This means that the Council is funded primarily

from the Consolidated Revenue Fund, abides by the administrative practices of the Government, but does not require a Memorandum of Understanding unless required by the Minister responsible, in this case the Treasurer and Minister of Economics.

Without a Memorandum of Understanding it is difficult to establish with any clarity the accountability relationship between the Council and the Treasurer. It would appear that that relationship is ad hoc, with the Council left free to interpret its mandate established by its enabling legislation. This "arms length" and independent existence of the Council would appear to have been intended when the Legislature passed the Ontario Economic Council Act.

Recommendation

In its discussions with the representatives of the Ontario Economic Council, the Committee was left with the impression that the Council was in the process of reassessing its role and mandate. It was evident to the Committee that the Council has to re-evaluate its position with respect to a number of aspects of its operations.

The Committee heard that the Council's studies in various public policy areas center on medium and long range trends and projections. While the Committee recognizes the need for such studies, it does feel that the projects initiated by the Council should also include some studies that deal more directly with Ontario's short-term policy concerns. Moreover, the Committee believes that the various projects initiated by the Council tend to represent one point of view in economic thinking. Given the diverse interests that make up Ontario, the Committee thinks it would be more appropriate if the Council commissioned studies that reflected the diversity of Ontario public policy opinion.

Your Committee, therefore, recommends that:

18. The Ontario Economic Council initiate policy studies which have short-term implications for the province, and that such studies reflect the diversity of Ontario public opinion.

It is evident to the Committee that the mandate of the Council is to undertake policy studies with respect to all aspects of Ontario's economy. This being the case, the Council's studies are of interest to a broad cross-section of Ontario's population, but in particular to those groups and interests who would be directly affected by Government policy. Clearly, various associations, corporations, unions, and other bodies which have a keen interest in public policy would be interested in the studies produced by the Council. In fact, such organizations are already represented in the Council's membership. It seems reasonable to the Committee that such organizations would wish to continue the work of the Council. Therefore, the Committee is of the view that these organizations make a financial contribution to the Council's operations.

Your Committee, therefore, recommends that:

19. The Ontario Economic Council seek private sector funding for its studies.

TORONTO STOCK EXCHANGE
BOARD OF DIRECTORS

The Toronto Stock Exchange (TSE) is created by the Toronto Stock Exchange Act, 1982 as a private corporation, subject to the Securities Act and the directions of the Ontario Securities Commission established under the latter Act.

The TSE was originally formed in 1852, but was not incorporated as a private institution by provincial statute until 1878. In 1934, the Exchange merged with the Standard Stock and Mining Exchange of Toronto, thereby becoming the only exchange in Ontario until 1984 when the Futures Exchange was created by provincial statute. In 1983, the TSE moved to its new location on King Street West. The TSE is the largest exchange in Canada and fifth in the world.

The purpose of the TSE, as of any stock exchange, is to provide an efficient auction market in issued equity securities. Several components comprise efficiency with respect to stock exchanges. First, there has to be liquidity, that is the ability of the market in a particular security to absorb buy and sell orders without a significant price change. To achieve a liquidity state, a market must have a constant volume of purchase and sell orders.

For a stock market to be considered efficient with respect to liquidity, it must seek to have as wide a distribution of listed shares as possible. As well, there must be a wide dissemination of information as to how share prices are moving and there must be a high level of disclosure by the listed companies of their corporate and financial positions. Finally, the exchange has to provide the physical trading facilities and the regulation of the brokers on the exchange floor, through its monitoring of adherence to its by-laws.

The Toronto Stock Exchange Act, 1982 stipulates that the Exchange must operate in a manner that does not contravene the requirements of the Securities Act, its regulations, and any decision made by the Ontario Securities Commission. The provisions of the Securities Act constitute minimum standards of conduct; the Exchange itself has the discretion to impose higher standards. Thus, although the TSE is a self-regulating body, it operates within a statutory framework established by the Securities Act.

This Act gives the Ontario Securities Commission direct supervisory powers over the Exchange. These powers include the power to license stock exchanges; the power to license brokers; the right to approve the Exchange's auditors who are made responsible to the Commission; and the right to audit the financial affairs of the members of the TSE. Moreover, the Commission is given the power to make decisions with respect to: the manner in which any stock exchange in Ontario carries on business; any by-law, ruling, instruction, or regulation of any such stock exchange; trading on or through the facilities of any such stock exchange or with respect to any security listed and posted for trading on any such stock exchange; or to ensure that issuers whose securities are listed and posted for trading on any such stock exchange comply with this Act and regulations. The Securities Act, thus, gives the Commission broad regulatory responsibilities with respect to the operation of the TSE. The degree to which the Commission will exercise its regulatory oversight of the TSE will depend on how well the Exchange regulates itself. For its part, the Exchange has produced a highly detailed manual, based on its by-laws, providing a comprehensive guide as to how its member brokers are to conduct themselves.

The Exchange is made up of members, of whom there are 101 at present. Members can be corporations, partnerships or natural persons. Each member must own at least one seat on the Exchange. Other conditions of membership are that the candidate must be 21 years of age, be a citizen or resident of Canada, shall have had experience acceptable to the Exchange as a broker or dealer in securities and shall have successfully completed the Canadian Securities Course. The Board must approve all candidates by 80% vote on a ballot.

The management of the Corporation is posited with the Board of Directors or Governors. The Board consists of the President of the Corporation, two public Directors, or four public Directors if provided by the Corporation's by-laws, and any other elected Directors as provided by the by-laws. The Directors, except for the President and the public Directors, are elected annually by the members of the Corporation. The public Directors are also elected annually by the members; however, no public Director can be elected unless that person has been approved by the Lieutenant Governor in Council. The Chairman and Vice-Chairman of the Board are elected by the Board, while the President is

appointed by the Board and is made chief executive officer of the Corporation. The President appoints other officers of the Corporation.

The other officers of the Exchange include Vice-President, Finance and Treasurer; Vice-President, Economic and Public Affairs; Vice-President, Markets and Market Development; Vice-President, Management and Member Services; Vice-President, Member Regulation; Vice-President, Operations. As well, there is a corporate Secretary and a General Counsel.

The Board is aided in its decision-making by eighteen committees, listed below:

- Budget, Audit and Finance Committee
- Capital and Margin Committee
- Compensation Committee
- Computer Assisted Trading System Policy Committee
- Computer Assisted Trading System Governing Committee
- Education Committee
- Floor Procedure Committee
- Hearing Committee
- Index Committee
- Market Access Implementation Committee
- Market Functions Committee
- Member Capital Compliance Committee
- Options Committee
- Options Floor Procedure Committee
- Selection Committee
- Stock List Committee
- Systems Committee
- Telecommunications Committee

In addition, the Exchange participates in several joint industry committees with the Alberta, Montreal and Vancouver Stock Exchanges and the Investment Dealers Association. Below are the list of such committees for the year 1984:

Canadian Depository for Securities Limited
 Canadian Securities Institute
 Competition Policy Committee
 Energy Policy Committee
 Federal Government Liaison Committee
 Committee on the Role of Financial Institutions in the
 Canadian Securities Industry
 Insurance Trustees
 Joint Industry Board
 MacDonald Commission Liaison Committee
 National Contingency Fund
 Pension Reform Committee
 Securities Industry Capital Markets Committee
 Steering Committee
 Tax Policy Committee

The Exchange participates in several industry-based organizations, including the Canadian Securities Institute which offers courses on the securities industry for industry personnel and the general public. There is also the National Contingency Fund which was founded in 1969 to provide compensation to those who have suffered losses resulting from the insolvency of a member brokerage firm. The Exchange along with the Montreal Exchange, the Investment Dealers Association, the Canadian Bankers' Association, seven major banks and six trust companies share responsibility for maintaining this organization whose principal purpose is to facilitate the clearing and custody of securities.

There is also Trans-Canada Options Inc., owned jointly by the Toronto, Montreal and Vancouver Exchanges, which clears all equity, bond and index options contracts traded on the three stock exchanges.

Finally, the TSE belongs to the International Federation of Stock Exchanges which seeks to foster equal rights of all shareholders and to coordinate the structures of security markets.

The responsibilities of the Board of Directors are to govern and regulate the Exchange; the partnership and corporate arrangements of the members and

anyone authorized to trade on the Exchange; the business conduct of members and other persons authorized to trade on the Exchange, as well as their employees and agents. In fulfilling these responsibilities the Board can pass by-laws pursuant to the Corporations Act and in addition can pass any by-law, or make rules or regulations and issue orders and directions, including the imposition of penalties and forfeitures for the breaches of any such by-law, rule, regulation, direction or order.

In the context of regulating those who participate in the activities of the Exchange, the Board of Directors or one of its committees, can hold hearings and make decisions with respect to applications for any acceptance, approval, registration or authorization and can impose terms and conditions on any acceptance, approval, registration or authorization; it can also investigate and examine the business conduct of members of the Exchange and of their employees and agents; and it can hold hearings, make decisions and impose discipline on members and their employees or agents.

More specifically, the Exchange enforces its by-laws through the monitoring of floor trading by the market surveillance group of the Exchange. This group also monitors the timely disclosure policy of the Exchange and the performance of registered traders. The Examiners of the Exchange monitor the minimum capital requirements of member firms; they conduct annual field examinations of each firm; they review monthly reports on trading activities and financial positions of member firms; they review audit financial questionnaires; they deal with any capital deficiencies of member firms; they assist in disciplinary matters; and they review accounting methods and capital compliance procedures of new member firms. The Exchange also has an Investigative Division which conducts enquiries and prepares disciplinary proceedings. There are also Hearing Committees that deal with disciplinary matters before going to the full Board for a final decision.

The Exchange is entirely financially self-supporting. Its revenues come from various fees it charges to the members of the Exchange. The fees include charges on equities and options and futures; also fees are charged for the use of the floor facilities, for listing a company's shares, and for market data. In 1984 these revenues came to \$22,196,000. Expenditures for the same were \$22,170,000 and went to cover such matters as trading operations and

market development, market regulations, computer operations, economic and public affairs and administrative and general services.

The Act stipulates that the Exchange is to operate on a non-profit basis with any surplus going towards the promotion of the Exchange's objectives. In other words, the members of the Exchange cannot belong to the Exchange as a means of making money through the Exchange's operations.

As has been mentioned, the Toronto Stock Exchange, while constituted as a self-regulatory body, operates within a statutory framework in which the Ontario Securities Commission acts as a "watchdog" to ensure that the Exchange operates within the provisions established by the Securities Act.

To ensure that there are as many buyers and sellers of a stock as possible and to remain competitive with other exchanges in Canada and the U.S., the TSE obtained and received permission from the Ontario Securities Commission to list the shares of junior companies. Prior to 1983, the rates charged by brokers to their customers were fixed by the Ontario Securities Commission. To foster a more competitive climate, these rates were deregulated. In the last several years two brokerage firms were permitted to sell shares to the public through the Exchange. The Exchange over the last few years has introduced various computerized systems to speed trading and ensure prompt information. In 1984, legislation was passed establishing an independent Futures Exchange with its own Board, but using the facilities of the TSE.

The Ontario Securities Commission permitted the Toronto-Dominion Bank to enter the securities market to provide order taking brokerage services. The TSE has established a formal link with the American Stock Exchange, permitting two-way trading between the two exchanges.

Recommendations

It was evident to the Committee that the Toronto Stock Exchange has made progress towards establishing an excellent reputation in the investment field.

In conjunction with the Ontario Securities Commission, it has devised a responsible regulatory framework for the selling of shares to the public. This

has been done to ensure that those who invest in the stock market are reasonably protected from fraud and misrepresentation. In this way, the Exchange wishes to reassure the public that investing in the stock market is safe. Moreover, the Exchange has sought to be innovative and forward-looking with respect to its internal operations and methods. Here the aim has been to make the operations of the Exchange as efficient as possible. The Committee encourages the Toronto Stock Exchange to continue to be both responsible and innovative.

There are, however, a number of issues the Committee wishes to raise at this time. The Committee appreciates that any observations or recommendations it may make with respect to any matter that may affect the Exchange would also have to be considered by the Ontario Securities Commission which has regulatory oversight over the Exchange.

The Committee was made aware that junior stocks are now traded on the Exchange through the vehicle of the Exchange Offering Prospectus. This Prospectus, or information background, on the company is not as complete as it would be for a well-established company. The stock itself is risky given that junior companies, by their nature, have no proven track record. Junior stocks are also risky for the Exchange. It has over the last decades sought to establish itself as a place where investing in stocks is a prudent and beneficial way to earn a return on an investment. The trading of junior stocks adds a dimension of uncertainty to the Exchange's safe image. The Committee does not wish to leave the impression that it is opposed to the trading of junior stocks on the Exchange. Rather, it wishes the public to understand clearly that such stocks are different from what are called "blue-chip" stocks.

Undoubtedly, there are individuals who are quite prepared to invest in junior stocks with all the attendant risks of such an investment. There are others who would want to invest in the long term, but who might be persuaded to buy junior stock issues, convinced of the immediate gains that might accrue to them, yet not clear of the pit-falls.

The Committee is concerned that individuals in the latter category, knowing of the Exchange's reputation as a low risk stock exchange, may assume all issues are low risk in nature. In the Committee's opinion, the Toronto Stock Exchange should ensure that its members inform their clients of the risk involved in buying junior stocks.

Your Committee, therefore, recommends that:

20. The Toronto Stock Exchange ensure that its members inform their clients of the high risk nature of junior stocks.

Another concern to the Committee is the matter of membership to the Exchange. The Committee understands that at present any new potential member must be passed by the Exchange's Selection Committee and pay a fee of \$50,000. While the Committee appreciates that anyone can become a member if the minimum qualifications of competence and integrity are met, it wonders whether an element of exclusivity has not entered into the selection process. The Committee believes that the guiding principle with respect to selection should be competition, that is, opening up the selection process so that as many qualified brokers operate on the Exchange as is possible.

Your Committee, therefore, recommends that:

21. The Toronto Stock Exchange ensure that membership to the Exchange be open to all who have the necessary requirements and qualifications.

Finally, the Committee notes that recently various Canadian banks have experienced financial difficulties, prompting the merger of some and the liquidation of others. In the latter instances, the impact of such closures has had a detrimental impact on the clients of these banks. The Committee appreciates that the regulation of banks is a federal responsibility. However, the Committee believes that to the extent that banks are listed on the Toronto Stock Exchange, the Exchange and the Ontario Securities Commission should do everything within their jurisdictions to ensure that information with respect to the financial affairs of a listed bank is made public on a timely basis.

Your Committee, therefore, recommends that:

22. The Toronto Stock Exchange and the Ontario Securities Commission regularly monitor banks listed on the Exchange to ensure timely public disclosure of any changes in a banks financial affairs.

BOARD OF MANAGEMENT OF THE GUILD

The Guild Inn in Scarborough was originally owned by Mr. Spencer Clark, who sold the property in 1977 to the Metropolitan Toronto and Region Conservation Authority for \$8 million. It was then leased back to Mr. Clark for five years. When the lease ran out in 1983, there was some doubt as to the Guild's future. There was a consensus, however, that the property remain in public hands. Consequently, in 1983, the Legislature passed the Municipality of Metropolitan Toronto Amendment Act to establish a Board of Management to oversee the management of the property and to decide its future.

The Guild Inn was used as a recreational and artistic retreat, as well as a depository of architectural artifacts. The property includes various buildings, a restaurant, guest rooms and other facilities.

The Board of Management of the Guild is established as a corporation without share capital to which the Corporations Act does not apply. The Board is to consist of fifteen members. The first Chairman was appointed by the Lieutenant Governor in Council until December 1985, when the mandate of the Board runs out; thereafter, the Chairman is to be appointed by the Board itself. The other fourteen members were appointed by the Metropolitan Toronto Council, though seven were nominees of the Lieutenant Governor in Council. A majority of members constitutes a quorum.

Although the title to the property is held by the Metropolitan Toronto and Region Conservation Authority, the Authority turned over the Guild Inn to the Corporation of Metropolitan Toronto for administration and management. The Act confirms this relationship by making the Management Board a local board of the Metropolitan Corporation. It also requires the Board to enter into an agreement with the Metropolitan Corporation by which the Board is made responsible for the operation, management and maintenance of the Guild. This agreement is to be for two years ending on December 31, 1985. The Act also stipulates that the Metropolitan Corporation has the option of acquiring the Guild from the Authority by purchase, lease or other means.

In addition to being responsible for the Management of the Board, the Act requires the Board to initiate a study with respect to the best and most

appropriate uses for the Guild, including the lands immediately adjacent, as well as the best and most appropriate future organization and management structure for the Guild. For this purpose, the Board can engage consultants. The Province is made responsible for paying the costs of such a study, which is required to be completed by June 16, 1985. This study has now been completed.

The budget of the Board is subject to the approval of the Metropolitan Toronto Council, and all spending by the Board must be in accordance with the approved budget. The Metropolitan Toronto Council is entitled to any surplus that may result from the operations of the Guild, and, at the same time, the Council is responsible for any deficit incurred by the Board. For the year ending December 31, 1984, the Guild incurred a loss of \$349,297.

The Board is given the power to borrow money with the prior approval of the Council for the purpose of raising capital. However, the Board is not given authority to issue debentures.

The Board has a Management Agreement with Delta Hotels Limited whereby the company provides management services for a monthly fee of \$8,000 plus specified expenses. The agreement commenced on May 1, 1984 and ends December 31, 1985.

As required by the enabling legislation, the Board was asked to complete a study of the future development of the Guild Inn by June 1985. On June 13, 1985, the Board of Management made public the consultant's report, prepared by Marshall, Macklin, and Monaghan. The Board made known its adoption of the consultants' report and recommended that the report be referred to the Parks, Recreation and Property Committee of Metropolitan Toronto Council with a request that a public meeting be held in the fall of 1985 to discuss the report and that the City of Scarborough Council be invited to make comments. In addition, the Board requested that its mandate be extended for one year to November 30, 1986. This would allow for further public input, for implementation of any requirements of the Council of Metropolitan Toronto, and for the extension of the present lease and operating agreements. Moreover, the Board requested that the existing members of the Board be reappointed for a one year term.

The Board also requested that in cooperation with the Metropolitan Toronto Department of Management Services it explore future financial options for the Guild, including the feasibility of leasing the hotel portion of the Guild property on a long-term basis. This would be done in order to reduce or eliminate future capital costs and provide sufficient revenues to support the art and artifacts activities of the Guild. Further, the Board asked that it be authorized to enter into contracts for a period of five years with respect to such matters as catering, signage, etc., that could not affect any long-term plans for the property. The Board also requested that it prepare the capital and operating budgets in the normal course for presentation to the 1986 Metropolitan Council and that the Board be authorized to continue to manage the Guild. Finally, the Board suggested that the Municipality of Metropolitan Toronto, Metropolitan Toronto and Region Conservation Authority and the Province of Ontario be responsible for the implementation of the final recommendations of the Metropolitan Toronto Council.

Recommendations

On its visit to the Guild Inn, the Committee was impressed with the unique aspects of this property. Situated in Scarborough on the edge of Lake Ontario, the Guild Inn provides a variety of amenities, facilities and points of interest. It is a hotel and conference centre, an architectural museum, and an artist's retreat. Originally established by the Clark family to serve these various purposes, the property was acquired by the Metropolitan Toronto and Region Conservation Authority in 1977. In 1983 it was turned over to the Metropolitan Toronto Council under an agreement that provided for a Board of Management appointed jointly by the Province and the Council.

A study of the Guild Inn's future development, commissioned by the Province and approved in principle by the Council of Metropolitan Toronto envisages an expansion of the Inn's hotel facilities and the preservation and enhancement of the unique features of the property. The study also suggests that the hospitality industry be asked to participate in the development project.

The Committee is of the opinion that the proposed plan of development is a worthwhile project that will ensure the preservation of the property's unique cultural features, while at the same time the Inn would become financially self-sustaining with respect to its hotel and conference facilities.

Your Committee, therefore, recommends that

23. The Government of Ontario support the development plans envisaged for the Guild Inn to preserve the property's cultural artifacts and buildings and to make the Inn financially self-sustaining.

CANADIAN NATIONAL EXHIBITION ASSOCIATION

The Association was first created in 1879 as a private association with the power to build structures suitable for exhibition purposes. The private Act creating the Association has been amended and revised several times since 1879. The last such revision of the Act was in 1983, when the composition of the Board of Directors was changed, along with amendments to its powers and privileges.

The Canadian National Exhibition Association Act, 1983, ch. pr. 23, creates the Canadian National Exhibition Association as a separate corporate body.

The Association is composed of members divided into four sections--the Municipal Section, the Manufacturers and Industry Section, the Agriculture Section and the General and Liberal Arts Section. Each section is limited to forty-four members. More specifically, each of the four sections has the following composition:

The Municipal Section shall consist of:

- (a) the Chairman of the council of the Municipality, sixteen members of the council of the Municipality who shall be appointed by the said council each year, the Mayor of the City of Toronto, the Commissioner of Parks and Property of the Municipality, the Chief of Police of the Municipality, and fifteen members appointed by the council of the Municipality from the community at large but who are not members of the council of the Municipality; and
- (b) one representative from each of,
 - (i) the Metropolitan Toronto Convention and Visitors Association,
 - (ii) the Metropolitan Separate School Board,
 - (iii) the Metropolitan Toronto School Board,
 - (iv) the Parking Authority of Toronto,
 - (v) the Toronto Electric Commissioners,
 - (vi) the Toronto Harbour Commissioners,

- (vii) the Toronto Transit Commission,
- (viii) the Metropolitan Toronto Zoo, and
- (ix) the Board of Directors of Ontario Place Corporation,

and such representatives shall be named and appointed annually.

The Manufacturers and Industry Section shall consist of representatives from such manufacturers, industrial and labour associations and societies in such numbers for each as may be specified from time to time in the by-laws of the Board and who shall be named and appointed annually by such manufacturers, industrial and labour associations and societies.

The Agriculture Section shall consist of,

- (a) the Minister of Agriculture and the Deputy Minister of Agriculture of Canada, and the Minister of Agriculture and Food and the Deputy Minister of Agriculture and Food for Ontario; and
- (b) representatives from such agricultural associations and societies in such numbers for each as may be specified from time to time in the by-laws of the Board and who shall be named and appointed annually by such associations and societies.

The General and Liberal Arts Section shall consist of representatives from such liberal arts and other associations and societies in such numbers for each as may be specified from time to time in the by-laws of the Board and who shall be named and appointed annually by such liberal arts and other associations and societies.

With respect to the Manufacturers and Industry Section and the General and Liberal Arts section, the Governor in Council can appoint two Ministers to each of these sections, as can the Lieutenant Governor in Council. Deputy Ministers are permitted to substitute for their Ministers. All past presidents of the Association are ex officio members of the Association for life.

Appointments to membership in the Association are made by an association, society or other body; however, the Board of Directors of the Association can cancel this power of appointment and the representative ceases to be a member of the Association.

The Board of Directors itself is composed in the following manner:

- (a) the Chairman of the council of the Municipality, the Mayor of the City of Toronto, and the member of the Board of Ontario Place Corporation;
- (b) the honorary president of the Association;
- (c) five members of the Municipal Section appointed annually by the council of the Municipality;
- (d) seven representatives from the Manufacturers and Industry Section, seven from the Agriculture Section and seven from the General and Liberal Arts Section, elected by ballot by a majority of the votes of the members present in person and voting at the annual meeting; and
- (e) up to three past presidents of the Association, as may be determined by the Board, to be elected annually by the Board.

The Board is empowered to elect a President, four Vice-Presidents and an honorary President. Each of these officers holds office until a successor is elected.

The Board is given the following specific powers under the Act.

- (a) to make by-laws, rules and regulations not inconsistent with this Act for,
 - (i) the management of the Association,
 - (ii) the acquisition of exhibition grounds and buildings, by purchase, lease, agreement or otherwise, and the selling, leasing, licensing, mortgaging or otherwise disposing of the same, as occasion may require,
 - (iii) the acquisition and management of all property, whether real or personal, which may be required for the purposes of, or in connection with, the exhibition or other business and operations of the Association, and the sale or other disposal thereof, when no longer required for such purposes,
 - (iv) the entering into of such arrangements, agreements and contracts with any person or corporation, society or association, as

may become necessary to carry out the objects of the Association,

- (v) the naming of organizations and societies from time to time in each Section who may appoint representatives to the membership and specifying the number of such representatives,
- (vi) the fee, if any, to be paid by the members,
- (vii) the holding of annual or periodical exhibitions,
- (viii) fixing the time for the annual meeting and the calling of general, special and other meetings of the Association,
- (ix) the appointment, removal and remuneration of all officers, agents, clerks, workmen and servants of the Association,
- (x) the admission fees to be received from persons visiting the exhibition held by the Association,
- (xi) the entrance fees to be charged to exhibitors, and
- (xii) the general management of all exhibitions;
- (b) in general, to do all things and make all contracts and agreements that may be necessary to carry out the objects and exercise the powers of the Association; and
- (c) to appoint annually such number of honorary and associate directors as it may consider advisable, and such honorary and associate directors shall have such powers and perform such duties as may be assigned to them from time to time by the Board, but shall not have the right to vote at meetings of the Board.

The powers of the Association include,

- (a) either permanently or periodically in structures, buildings, enclosures and places located in the Municipality, suitable for exhibition purposes and for the promotion of industries, arts and sciences generally,
- (i) to exhibit every and any variety of thing and being found in animal and vegetable life and every kind and variety of mineral,

- (ii) to exhibit products, wares, goods, merchandise, machinery, mechanical inventions and improvements of every nature, name and such as are generally exhibited at fairs, including the various processes of manufacture,
 - (iii) to exhibit paintings and statuary of any and every nature and kind,
 - (iv) to exhibit and develop the points and qualities of the several breeds of horses, live stock and other animals by such competitive tests as may be humane and proper and as may be considered expedient, and
 - (v) to make such other exhibitions as will be in conformity with the purposes and objects of the Act;
- (b) to provide entertainment or amusement to persons visiting its exhibition by means of music, shows or other attractions and to enter into contracts for such purposes and to allot space for such shows or attractions and to dispose of any contracts for such music, shows or attractions which may not be completed at the close of any exhibition;
 - (c) for the purpose only of carrying on and maintaining the business aforesaid and such other business as may be hereafter mentioned, to hold, own and acquire, by lease, purchase, gift or otherwise, property real and personal, at such prices and on such terms and conditions as may be agreed upon, and to improve and use the same by the construction of such buildings, houses, works and improvements as are necessary and as may be considered proper and to sell, mortgage, lease, license or otherwise dispose of any property at any time held by the Association;
 - (d) to cultivate such portions of the grounds of the Association as the Association may consider proper for the propagation of plants, trees, shrubs, or other things of a vegetable nature;
 - (e) to manufacture and raise articles and things required in the various exhibitions held by the Association;
 - (f) to charge such admission fees as may be considered proper to receive for exhibiting everything authorized by this Act;

- (g) to charge such entrance fees, and to award, give and pay to exhibitors such prizes, medals and honorary distinctions as the Association may consider proper;
- (h) to let, lease, or license stalls, stands, rooms and places in any of the buildings or structures of the Association, or in any part of the grounds or property of the Association, upon such terms and conditions and for such purposes as the Board may consider to be in the best interests of the Association;
- (i) to enter into agreements for the management or operation, or both, of the annual exhibition;
- (j) to borrow money from time to time;
- (k) to invest in securities in which municipalities in Ontario may invest; and
- (l) to do such other matters and things as will be in conformity with the objects and purposes of the Association.

In 1983, the Municipality of Metropolitan Toronto Act was amended to provide for the establishment of a Board of Governors of Exhibition Place, with the purpose of operating, managing and maintaining Exhibition Place. In practical terms, the Board of Governors of Exhibition Place was given responsibility for operating the fair grounds throughout the year, while the CNE Association has responsibility for operating the annual exhibition held each August.

Under the amended Act, the assets of the Association were split, with a certain portion, principally reserves, going to the Metropolitan Corporation, and the rest to the Board of Governors of Exhibition Place. Moreover, all agreements whether between the Association and the Metropolitan Corporation or the Exhibition Stadium Corporation were declared null and void. This provision insured that all future agreements would be the responsibility of the Board of Governors of Exhibition Place. As for the CNE Association, it had to seek a separate agreement with the Board of Governors of Exhibition Place. This agreement provides that the Association will manage the annual exhibition through the CNE Management Committee, which is to consist of five members appointed by the Board of Exhibition Place, five members appointed by the CNE Association and the President of the Association.

The powers of the Committee include reviewing and changing the budget of the Association, and reviewing all the Association's plans with respect to the annual exhibition. All revenues derived from the annual exhibition belong to the Board of Exhibition Place.

The annual exhibition operated by the CNE Association operates on a financially self-sustaining basis. Its revenues are self-generated through admission charges, concession charges, grandstand revenues, facilities rentals and through sponsorship revenues. In 1984, these revenues came to \$16,883,681. Expenditures, on the other hand came to \$14,966,392. Consequently, there was a surplus of \$1,917,289. As we have seen, this surplus is not retained by the Association but is transferred to the Board of Exhibition Place.

The only money received from the Provincial Government comes from the Ministry of Agriculture and Food and consists of a yearly \$2,500 grant for livestock awards.

The CNE Association although constituted by legislation, and having several Lieutenant Governor in Council appointments, has become an agency of the Corporation of Metropolitan Toronto. Consequently, the lines of accountability and control are established by the Council of Metropolitan Toronto. As we have seen, the CNE Association has been given limited responsibility and what responsibility it still possesses is in large measure controlled by the Board of Exhibition Place.

Recommendations

It was evident to the Committee that the CNE site is managed by a complex organizational structure that includes the Canadian National Exhibition Association, the Board of Governors of Exhibition Place and a management committee made up of both bodies. The CNE Association is created by provincial statute while the Board of Exhibition Place and the management committee were created by amendments to the Municipality of Metropolitan Toronto Act.

The CNE Association is given responsibility for managing the annual summer exhibition, while the Board of Exhibition Place manages the site the rest of the year. Overall responsibility for the site rests with the Council of Metropolitan Toronto to which these bodies report. The role of the Ontario Government with respect to the site is limited to scrutinizing and passing any legislation the Council of Metropolitan Toronto may wish to have enacted or any amendments or changes the CNE Association may require for its purposes. Recognizing the Ontario Legislature's general political responsibility for passing legislation that affects the exhibition site, the Committee makes the following observations and recommendations.

As already stated, the CNE site would appear to be overmanaged. The Committee puts this observation in tentative terms since it heard testimony that despite the creation of the Board of Exhibition Place and a management committee, these two bodies have not fulfilled their intended purpose. The CNE Association while only given a limited function with respect to the two week summer exhibition, continues to make most of the major decisions affecting the use of the site. If this is the case, the Committee sees potential accountability problems. The Committee understood that the purpose of creating the Board of Exhibition Place was to ensure that the management of the site, save for the two week period of the Exhibition, was in the hands of a body responsible to the Council of Metropolitan Toronto. If the Board of Exhibition Place is not fulfilling this function, but instead is allowing the Board of the CNE Association to make all final decisions, then it would appear to the Committee that the accountability of the Board of Exhibition Place to the Council of Metropolitan Toronto has been seriously weakened.

Given the numerous problems that the site is experiencing, it is the Committee's opinion that centralized management of the site is a prerequisite for dealing with those problems. Moreover, the Committee feels that the Council of Metropolitan Toronto should accept responsibility for resolving the management problem at the earliest opportunity.

Your Committee, therefore, recommends that:

24. The Minister of Municipal Affairs convey to the Council of Metropolitan Toronto the need to centralize the management of the Exhibition site.

The need for centralized management is highlighted by the problems that the Exhibition site is experiencing. It was made evident to the Committee that the site's physical plant is deteriorating. A number of buildings have been closed for safety reasons, while others, though open, do not conform to Fire and Building Code Standards. It appeared to the Committee that there was an urgent need for major renovations and reconstruction of the site's buildings. That little renovation has been done is due to the fact that the future of the site is not clear. Various options have been suggested for reviving the site. The building of a domed stadium on the Exhibition grounds would undoubtedly lead to major renovations and reconstruction, and would ensure the use of the site on a permanent basis. Similarly, the holding of a world trade fair would lead to major reconstruction, renovation and new buildings. Other suggestions include the redesign of the site to include a Tivoli-type gardens, or the amalgamation of the site facilities with Ontario Place. The Committee makes no preference for any particular option. It does, however, believe that there is a need for the CNE Association, the Board of Directors of Exhibition Place and the Council of Metropolitan Toronto to begin serious discussion and planning. Whatever option is ultimately chosen it is the Committee's firm belief that the land on which the Exhibition grounds are located remain in the public domain.

The tentative observations and conclusions made by the Committee with respect to the Canadian National Exhibition reflect the fact that as a result of a very full workload, it was unable to undertake a comprehensive and detailed review of the CNE and its future development. Recognizing that the issues raised by the Committee in a preliminary way require further discussion and debate, the Committee expresses its wish to review the Canadian National Association at a future date.

Your Committee, therefore, recommends that:

25. The Standing Committee on Procedural Affairs and Agencies, Boards and Commissions conduct a further review of the Canadian National Exhibition Association in 1986.

RESPONSES TO THE TENTH REPORT

It has been the practice of the Committee to follow up its recommendations by asking the Ministers responsible for the particular agency reviewed by the Committee to respond to its recommendations. In its Tenth Report, the Committee reviewed the following agencies:

Assessment Review Board
Fire Code Commission
Geoscience Research Review Committee
Health Disciplines Board
Languages of Instruction Commission of Ontario
Licence Suspension Appeal Board
Liquor Licence Board of Ontario
Ontario Drainage Tribunal
Ontario Graduate Scholarship Selection Panel
Travel Industry Compensation Fund Board of Trustees

To date, the Committee has received responses with respect to the following agencies: Assessment Review Board, Fire Code Commission, Liquor Licence Board of Ontario, Ontario Drainage Tribunal and the Ontario Graduate Scholarship Selection Panel.

With respect to the Assessment Review Board, the response of the Attorney General to the Committee's recommendations was as follows:

Recommendation

The Ministry of Revenue in conjunction with the Assessment Review Board create a new detailed and comprehensive guide to the residential property tax assessment and appeal process.

In a letter dated November 8, 1985, the Attorney General stated:

The Assessment Review Board is willing to develop a Guide to assessment appeals and would welcome an opportunity to prepare such a Guide for publication by the Ministry of the Attorney General in conjunction with the Ministry of Revenue stressing the residential appeal process.

Recommendation

The Assessment Review Board annually publish a report containing what it considers to be its most notable and precedent-setting cases.

In reply, the Attorney General stated that because the Board deals with the finding of facts, it is difficult "to select notable and precedent-setting cases for publication" At the same time, the Attorney General indicated that the Board is required to give reasons in writing if required and the decisions of the Board "are available in the Office of the Chairman of the Board for the assistance of its members to ensure consistency and equity in the Board's decisions."

Recommendation

The Ministry of Revenue afford greater opportunity to the public to have their assessments reviewed by assessment commissioners under sections 30 and 31 of the Assessment Act, and that this process be formalized.

The Attorney General responded by stating that:

The Board agrees with Recommendation Number 34. This would result in an earlier resolution of the majority of the complaints of the taxpayers. If the assessment commissioners had adequate time to follow through the procedures set out in sections 30 and 31 of the Assessment Act, there would be a considerable reduction in the number of complaints filed with the Board.

With respect to the Fire Code Commission, the Solicitor General made the following reply to the Committee in a letter dated October 25, 1985.

Recommendation

The regulations prescribing the procedures of the Fire Code Commission include the provision that appeals must be heard and decided within thirty days.

The Solicitor General responded by stating that:

A provision in the Regulation providing that all appeals must be heard and decided within thirty days is not practical in all cases. It is not infrequent that the appeal documents are reviewed by the Office of the Fire Marshal before it is heard. This review might require some investigation in order that the Board can have all relevant information before it at the time of the appeal.

On occasion, appeals are heard outside Toronto, and not infrequently, several appeals are heard at one time.

Recommendation

The Fire Code Commission ensure that the panels that hear each case be representative of the different groups that are appointed to the Commission.

In reply to this recommendation, the Solicitor General stated that:

The second recommendation that panels be representative of the different groups that are appointed to the Commission would be difficult to incorporate in all cases. There are many disciplines and interests represented on the Fire Code Commission, and an effort is made to have persons hearing the appeal who have some expertise and knowledge relating to the subject of the appeal. An effort is made to provide the most knowledgeable panel to hear any particular issue.

Recommendation

The Fire Code Commission publish an annual report that would incorporate a description of the cases heard, along with its observations as to how the Fire Code could be improved.

The Solicitor General in response to this recommendation stated that:

At the present time, the Fire Code Commission does not publish an annual report. Any of the decisions which are of interest to the community are published in the Fire Marshal's quarterly Review.

With respect to the Liquor Licence Board of Ontario, the Minister of Consumer and Commercial Relations in a letter dated November 18, 1985, made the following responses to the Committee's recommendations.

Recommendation

The Liquor Licence Board of Ontario hire additional inspectors in order that it may fulfill its responsibilities under the Liquor Licence Act.

The Minister responded by stating that:

The Liquor Licence Board is in agreement with this recommendation. Although it has endeavoured to meet its difficulties by a number of administrative and operational changes it believes some increase in staff will help to better deal with the problem. The Board will be making submissions to the Government in this regard.

Recommendation

The Liquor Licence Board of Ontario develop a set of guidelines appropriate for a closer definition of "community needs" under Section 29 of O. Reg. 581.

The Minister replied by stating that:

The Board has prepared a revision to the Special Occasion Permit regulations which it believes will help to deal with this difficulty.

Recommendation

The Liquor Licence Board of Ontario undertake a comprehensive review of the Liquor Licence Act and regulations made under the Act.

In response, the Minister stated that:

This is well in hand. It is anticipated that a comprehensive review, with adequate consultation with interested parties, will take 18 months to 2 years to complete.

Recommendation

The sale of stomach bitters be more thoroughly regulated by the Liquor Licence Board of Ontario.

The Minister stated in reply that:

A draft proposal on this has been presented to the government.

Recommendation

The Liquor Licence Board of Ontario endeavour to ban "lifestyle" advertising.

In response, the Minister stated that:

Within the framework of its own regulations and in co-operation with other jurisdictions the liquor Licence Board tries to restrict lifestyle advertising. The federal Minister of Health is now reviewing the question of a definition of "lifestyle" advertising. L.L.B.O. participates in this review through a Committee of the C.R.T.C. We hope more useful guidelines will be developed as a result of these efforts.

Recommendation

The Liquor Licence Board of Ontario maintain its present fee structure, but when it does seek an increase such increases should be introduced gradually.

The Minister in reply stated:

The recent provincial budget has made some significant changes in fees. The L.L.B.O.'s review of fees is still in progress. Given that few changes have been made in the last 10 years, and on comparison to fees in neighbouring jurisdictions, the proposed changes appear to be reasonable. However, the proposal will be reviewed with your Committee's recommendation in mind.

Recommendation

The Liquor Licence Board of Ontario reconsider its proposal to introduce a catering licence category in the regulations.

In response, the Minister stated:

The proposal to create a catering licence is part of a series of proposals under consideration by the L.L.B.O. Although no decisions have been made yet, your Committee's recommendation will be kept in mind.

Recommendation

The Liquor Licence Board of Ontario proceed with its proposal to relax the regulations with respect to Sunday special permits.

The Minister's reply was that:

A proposal concerning concert and theatre events on Sunday is in preparation.

Recommendation

The Ministry of Consumer and Commercial Relations incorporate within its Memorandum of Understanding with the Liquor Licence Board of Ontario the requirement that the Board be audited by the Provincial Auditor.

In response, the Minister stated that:

The Liquor Licence Board has no objection to this recommendation.

Recommendation

The Liquor Licence Board of Ontario establish formal exchanges of information with the Alcoholism and Drug Addiction Foundation.

The Minister replied by stating that:

The Liquor Licence Board is moving to establish the kind of relationship recommended by your Committee.

Recommendation

The Ministry of Education in cooperation with the Ministry of Health establish courses in Ontario's secondary schools dealing with alcohol use and abuse.

The Minister responded by stating that:

The Liquor Licence Board fully supports this recommendation.

In a letter dated November 13, 1985, the Minister of Agriculture and Food responded to the Committee's recommendations with respect to the Ontario Drainage Tribunal.

Recommendation

The Ministry of Agriculture and Food seek ways to make the mutual agreement method of drainage better known within Ontario's farming community.

In reply, the Minister stated that:

The Ministry will develop a factsheet on the topic and provide a copy to municipal clerks, all holders of the Agricultural Handbook and will make copies available to all others by having a supply at all the Ministry county offices.

Recommendation

The Ministry of Agriculture and Food undertake to streamline the petition process when matters are referred to the Drainage Referee.

The Minister responded by stating that:

The procedure on appeals to the Referee is set out in the regulations under the Act. This regulation will be reviewed to see if it can be streamlined. The Tribunal will intensify its efforts to facilitate the settling of complaints on drainage reports.

Recommendation

Where a drainage system incorporates conservation features, the cost thereof should be apportioned to the Ministry of Natural Resources or the Ministry of the Environment, as the case may be.

In reply, the Minister stated:

The Ministries of Natural Resources and the Environment are normally not assessable under the Drainage Act because they do not own land. The Ministry of Agriculture and Food will begin negotiations with these ministries to determine whether programs can be set up to fulfil the intent of the Committee's recommendation.

With respect to the Ontario Graduate Scholarship Selection Panel, the Minister of Colleges and Universities responded to the Committee's recommendations in a letter dated November 25, 1985.

Recommendation

The number of scholarships reserved for visa students should be maintained at sixty.

In response, the Minister stated that:

I agree with the recommendation that the number of graduate scholarships reserved for visa students should be maintained at the current level of sixty. These now represent 5% of the total scholarships awarded each year.

Recommendation

The Selection Panel should give consideration to a graduate student's personal essay when reviewing his or her application for an Ontario Graduate Scholarship.

The Minister replied that:

I appreciate the comments made by the Standing Committee on the issue of selection. Under the present procedures for ranking students who apply for scholarships, there is the opportunity for subjective measures to evaluate their suitability. For example, the confidential reports received from two professors most familiar with the candidate's work contain information on the student's general abilities. Also, the selection panel members have instructions to consider, in their rating process, publications or presentations made by students and also dissertation proposals of students, if available. All these documents provide information on the students' overall goals and any other information which may be pertinent to their application. As a result, I do not consider that a separate personal essay from the graduate student is necessary.

Recommendation

The present limit of \$2,500 that Ontario Graduate Scholars may receive as additional funding should be raised to \$5,000.

In reply, the Minister stated:

Under the present regulations, students are allowed to receive a maximum of \$2,500 from other scholarships and grants in addition to the Ontario Graduate Scholarships awarded to them. This limit applies only to "scholarships" and "grants" from other sources. In addition, students are also allowed to work up to a maximum of 10 hours per week when they are enrolled full-time in graduate studies. This work generally translates into a research assistantship, part-time teaching or demonstrating appointment, or other position(s) of a similar nature.

If the funds available to students from the two sources mentioned above are taken into consideration, the total additional funding would exceed \$5,000. My officials have discussed this matter with members of the Council of Ontario Universities, and they feel that no change is warranted. In light of this, the existing limit of \$2,500 is considered appropriate at the present time.

SUMMARY OF RECOMMENDATIONS

1. The Ministry of Colleges and Universities devise a new funding formula for the James Bay Education Centre in conjunction with Northern College of Applied Arts and Technology.
2. The Ministry of Colleges and Universities undertake to devise retraining and apprenticeship programs suited to the particular needs of the native peoples and that such programs be recognized by a certificate to enable the graduates to work in the James Bay area.
3. The Ministry of Northern Development and Mines establish a formal committee composed of the ministries having responsibilities in the James Bay area, along with the Board of Governors of James Bay Education Centre and the Board of Governors of Northern College of Applied Arts and Technology. The Committee's mandate would be to coordinate policies and programs affecting the James Bay area.
4. The management of Old Fort William improve the entrance to the site in a way that would attract visitors into the Fort.
5. The Ministries of Tourism and Recreation, and Education coordinate their efforts to provide package tours for Ontario students to visit the Thunder Bay area, particularly Old Fort William, and that such trips be subsidized where necessary by the Ministry of Education.
6. The Ministry of Tourism and Recreation provide the management of Old Fort William with additional marketing expertise.
7. The management of Old Fort William increase the number of Indian historical interpreters.
8. The Ministry of Tourism and Recreation undertake, in cooperation with Management Board of Cabinet, to transform the Advisory Committee of Old Fort William into an autonomous Board of Directors charged with the responsibility of providing day to day direction to the management of the Fort.
9. The Board of Directors of Minaki Lodge Resort Limited ensure that public money be used only for necessary improvement and that no major capital expenditures be authorized by the Ministry of Tourism and Recreation.

10. The Ministry of Tourism and Recreation in conjunction with the Board of Directors of Minaki Lodge Resort Limited make every effort to sell the company, after it has established financial viability.
11. The Minister of Agriculture undertake to consult with Ontario beef producers in order to resolve the pricing problems of the industry.
12. The Minister of Agriculture provide the Board of Governors of the Ontario Stock Yards with a capital grant for the improvement of the Stock Yards physical plant.
13. The Metropolitan Toronto Convention Centre not undertake any expansion of its facilities until it has shown a balance of operating revenues and expenses for a period of five years; and that where expansion is undertaken, the Toronto hospitality industry be asked to make a contribution to that capital investment.
14. The Metropolitan Toronto Convention Centre in cooperation with the Toronto hospitality industry undertake a comprehensive cost benefit analysis of the Centre's economic impact on Metropolitan Toronto and the Province.
15. Management Board of Cabinet devise a formula for financing capital projects, and other facilities that receive public funds from the three levels of government and the private sector.
16. The Ministry of Tourism and Recreation give serious consideration to selling the Metropolitan Toronto Convention Centre when it becomes financially self-sustaining.
17. Within one year of the completion of the Ministry of Labour's review of the Ontario Human Rights Code and operations of the Ontario Human Rights Commission, the Standing Committee on Procedural Affairs and Agencies, Boards and Commissions, or any other committee authorized by the House, conduct a review of the Ontario Human Rights Commission.
18. The Ontario Economic Council initiate policy studies which have short-term implications for the province, and that such studies reflect the diversity of Ontario public opinion.
19. The Ontario Economic Council seek private sector funding for its studies.

20. The Toronto Stock Exchange ensure that its members inform their clients of the high-risk nature of junior stocks.
21. The Toronto Stock Exchange ensure that membership to the Exchange be open to all who have the necessary requirements and qualifications.
22. The Toronto Stock Exchange and the Ontario Securities Commission regularly monitor banks listed on the Exchange to ensure timely public disclosure of any changes in a bank's financial affairs.
23. The Government of Ontario support the development plans envisaged for the Guild Inn to preserve the property's cultural artifacts and buildings and to make the Inn financially self-sustaining.
24. The Minister of Municipal Affairs convey to the Council of Metropolitan Toronto the need to centralize the management of the Exhibition site.
25. The Standing Committee on Procedural Affairs and Agencies, Boards and Commissions conduct a further review of the Canadian National Exhibition Association in 1986.

APPENDIX "A"

TERMS OF REFERENCE

That the following Standing Committees be established for this Session, with power to examine and inquire into all such matters as may be referred to them by the House, with power to send for persons, papers and things, as provided in section 35 of the Legislative Assembly Act: **Standing Committee on Procedural Affairs and Agencies, Boards and Commissions** - 11 members, with 4 from each of the Government and Official Opposition Parties and 3 from the Third Party, with the Committee appointed for this Parliament to review and report to the House its observations and opinions on the operation of the Standing Orders of the House and such additional matters as may be referred to it by the House or by Mr. Speaker from time to time;

And that the Committee also have the power to examine and report on the methods by which it believes appointments should be made to Agencies, Boards and Commissions to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations in which the Crown in right of Ontario is a majority shareholder;

And that the Committee also have the power to review the operation of all such Agencies, Boards and Commissions, with a view to reducing possible redundancy and overlapping.

APPENDIX B

Witnesses

Wednesday, 21 August 1985

James Bay Education Centre:

Munro Linklater
Chairman, Board of Governors

Ivor Jones
Director

Northern College:

Joseph Drysdale
President

Thursday, 22 August 1985

Old Fort William Advisory Committee:

James Johnson
Chairman

Armin Weber
General Manager

Saturday, 24 August 1985

Minaki Lodge Resort Limited and Minaki Development Company Limited:

Richard Boustead
General Manager

Monday, 26 August 1985

Minaki Lodge Resort Limited and Minaki Development Company Limited:

Michael J. Shoreman
Secretary-Treasurer

Wednesday, 28 August 1985

Metropolitan Toronto Convention Centre Corporation Board of Trustees:

J. O. Maxwell,
President and Chief Executive Officer

Stephen Pustil
Chairman, Finance and Operations Committee

Tuesday, 3 September 1985

Ontario Stock Yard Board:

Donald Matheson
Chairman

Grant Preston
Member

Ross Beattie
Member

David Bradley
Member

Merrill Van Camp
Member

Doug McDonnell
Secretary and General Manager

Wednesday, 4 September 1985

Ontario Human Rights Commission:

Canon Borden Purcell
Chairman

Dr. Bhausahab Ubale
Commissioner for Race Relations

George Brown
Executive Director

Dr. Samuel Ifejika
Manager of Operations, Race Relations Division

Ministry of Labour:

Tim Armstrong
Deputy Minister

Nicholas Ignatieff
Special Advisor to the Deputy Minister

Thursday, 5 September 1985

Ontario Economic Council:

Thomas J. Courchene
Chairman

Dr. Gail Cook
Executive Member

Doug Auld
Executive Member

Dr. John Grant
Executive Member

Bill Jones
Executive Member

David Conklin
Research Director

Tuesday, 10 September 1985

Toronto Stock Exchange Board of Directors:

Pearce Bunting
President

Keith E. Boast, Q.C.
Vice-President, Regulation

Terrance W. Popowich
Vice-President, Economic and Public Affairs

Wednesday, 11 September 1985

Board of Management of the Guild:

Edmund Bovey
Chairman

Mary Mooney
General Manager, Guild Inn

Tuesday, 12 September 1985

Irene Paparo Stein

Ad Hoc Committee for Wei Fu's Complaint:

Winnie Ng
Co-ordinator

Charles Roach
Counsel to Wei Fu

Rose Li
Member

Carroll Anne Sceviur
Member and Vice-President
Ontario Federation of Labour

Kris Sri Bhaggiyadatta
Member

Tuesday, 17 September 1985

Canadian National Exhibition Association:

Vern T. Barber
President

Martin Richman
General Manager, Administration

Shirley Hughes
Corporate Secretary

Gerald Charney
Solicitor

Wednesday, 18 September 1985

Minaki Lodge Resort Limited and Minaki Development Company Limited:

Frederick J. Boyer
President and Chief Executive Officer

Robert A. Rubinoff
Chairman

Michael J. Shoreman
Secretary-Treasurer

Richard Boustead
General Manager

APPENDIX C

Agencies, Boards and Commissions Reviewed To Date

| | |
|--------------------------------------|--|
| 1st Review: (9 November 1978) | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
| 2nd Review: (3 December 1979) | Ontario Research Foundation Ontario Telephone Service Commission Ontario Housing Corporation Ontario Food Terminal Ontario Council of Health Ontario Municipal Board |
| 3rd Review: (2 December 1980) | Ontario Educational Communications Authority Ontario Lottery Corporation Board of Ophthalmic Dispensers Ontario Labour Relations Board Ontario Northland Transportation Liquor Control Board of Ontario |
| 4th Review: (19 November 1981) | Ontario Racing Commission Ontario Hockey Development Committee Farm Pollution Advisory Committee Ontario Place Corporation |
| 5th Review: (11 May 1982) | Ontario Board of Censors Ontario Energy Board Ontario Police Commission Toronto Area Transit Operating Authority |
| 6th Review: (7 December 1982) | Art Gallery of Ontario Civil Service Commission Commission on Election Contributions and Expenses Ontario Mortgage Corporation Wolf Damage Assessment Board |
| 7th Review: (15 December 1983) | Criminal Injuries Compensation Board The Law Society of Upper Canada Ontario Cancer Treatment and Research Foundation Ontario Manpower Commission Ontario Status of Women Council |

| | |
|--|---|
| 8th Review: (21 June 1984) | Alcohol and Drug Addiction Research Foundation Board of Funeral Services Board of Parole Board of Visitors of Homewood Sanitarium, Guelph Crop Insurance Commission of Ontario Game and Fish Hearing Board IDEA Corporation Nursing Homes Review Board Social Assistance Review Board |
| 9th Review: (19 November 1984) | Animal Care Review Board Children's Services Review Board Niagara Parks Commission Niagara Falls Bridge Commission Ontario International Corporation Ontario Junior Farmer Establishment Loan Corporation |
| 10th Review: (25 September 1985) | Assessment Review Board Fire Code Commission Geoscience Research Review Commission Health Disciplines Board Languages of Instruction Commission of Ontario License Suspension Review Board Liquor License Board of Ontario Ontario Drainage Tribunal Selection Panel (Ontario Graduate Scholarships) Travel Industry Compensation Fund Board of Trustees |
| 11th Review: (7 January 1986) | Canadian National Exhibition Association James Bay Education Centre Board of Management of the Guild Metropolitan Toronto Convention Centre Corporation Board of Directors Minaki Lodge Resort Limited and Minaki Development Company Limited Old Fort William Advisory Committee Ontario Economic Council Ontario Human Rights Commission Ontario Stock Yards Board Toronto Stock Exchange Board of Directors |



Standing Committee on Government Agencies

Report on Agencies, Boards
and Commissions (No. 12)

2nd Session 33rd Parliament
36 Elizabeth II

STANDING COMMITTEE ON
GOVERNMENT AGENCIES



COMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

TORONTO, ONTARIO
M7A 1A2

Queen's Park
February 1987

The Honourable Hugh Edighoffer, M.P.P.,
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Government Agencies has the honour to present its
Report and commends it to the House.

A handwritten signature in dark ink, reading "Bud Gregory".

Bud Gregory, M.P.P.,
Chairman.

STANDING COMMITTEE ON GOVERNMENT AGENCIES

MEMBERSHIP AS OF MONDAY, 19 JANUARY 1987

BUD GREGORY
Chairman

HERBERT EPP

MARGARET MARLAND

TONY GRANDE

ROBERT MITCHELL

PAY HAYES

CLAUDIO POLSINELLI

JACK JOHNSON
(Wellington-Dufferin-Peel)

EDWARD SARGENT

NICHOLAS LELUK

DAVID W. SMITH

Douglas Arnott
Clerk of the Committee

John Eichmanis
Research Officer

Patrick Malcolmson
Research Officer

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I. INTRODUCTION

On Monday, April 28, 1986, the Legislative Assembly of Ontario amended its Standing Orders with a number of provisional clauses including S.O. 90(f) establishing the Standing Committee on Government Agencies as a new committee. Previously, the review of Ontario agencies, boards and commissions had been part of the terms of reference of the Standing Committee on Procedural Affairs and Agencies, Boards and Commissions. This committee had two mandates, to review agencies and to review the Standing Orders. The House felt that the review of Ontario agencies was sufficiently important to require the creation of a separate committee devoting all its time to agency review.

The new Standing Committee on Government Agencies comprises a membership of 11, reflecting the standing of each party in the House. It first met on Wednesday, May 7, 1986 for the purpose of organization. During the spring and early summer of 1986, the Committee pursued a number of matters within its terms of reference. It dealt with Management Board of Cabinet's proposed changes to its classification of agencies, boards and commissions. It also decided to send out a questionnaire to some 70 lesser known agencies asking them how often they meet and to send copies of the minutes of their board meetings. This was done in order to ascertain whether any of these lesser known agencies should be considered by the Committee for review. Finally, the Committee determined that it would review the following agencies:

Ontario Advisory Council on Multiculturalism and Citizenship
Ontario Arts Council
Ontario Development Corporations
Ontario Land Corporation
Ontario Lottery Corporation

In fulfilling its mandate, the Committee held public hearings during September and October of 1986 and heard testimony from the representatives of the agencies cited above.

The Committee plans to conduct another review early in 1987 when it will review the following agencies:

Agricultural Council of Ontario
Liquor Control Board of Ontario
Ontario Housing Corporation
Ontario Northland Transportation Commission
Ontario Waste Management Corporation
Pesticides Advisory Committee

Your Committee wishes to express its appreciation to all the witnesses who appeared to present their views. The Committee wishes to acknowledge the cooperation of the officials of the various ministries of the Government of Ontario and the agencies themselves.

In addition, the Committee urges Ministers under whom these agencies fall to give serious and thoughtful consideration to the Committee's recommendations. Your Committee wishes to express its appreciation to the Clerk of the Committee and the Research Officers for their assistance and dedication to the work of the Committee.

The recommendations contained in this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every recommendation, your Committee is pleased to present a report that each member can support.

II. AGENCY REVIEW

ONTARIO ADVISORY COUNCIL ON MULTICULTURALISM AND CITIZENSHIP

The Ontario Council on Multiculturalism was created to implement the recommendation of the 1972 "Heritage Ontario" Congress, namely that the Government "accept prime responsibility for harmonizing all elements of society by every means at its disposal." The Council was duly established in September of 1973 to advise the Government of Ontario through the then Provincial Secretary for Social Development on policies with direct implications for Ontario's cultural communities.

In 1979 the mandate of the Council was changed to include citizenship and the Council now reported to the Legislature through the Minister of Culture and Recreation. Moreover, the Chairmanship was made a full-time position.

In 1984 after the Council underwent a sunset review by Management Board its mandate was extended to 1989. Moreover, the Council now reports to the Legislature through the Minister of Citizenship and Culture.

As stated in the Order-In-Council of 1979, the Council was established to advise the Government of Ontario through the Minister of Culture and Recreation on all matters within the authority of the Government of Ontario which pertain to multiculturalism within the context of full, equal and responsible citizenship for all residents of Ontario including:

- reviewing current policies and activities which have a bearing on the implementation of the Government of Ontario's multicultural policy.
- promoting the concept of full participation in the life of the Province of Ontario for all residents whatever their ethnocultural heritage and background.
- acting as a conduit for the expressed opinions, aspirations, needs and desires of ethnocultural and other community organizations, groups, agencies, associations and individuals regarding the

multicultural nature of Ontario society within the context of full, equal and responsible citizenship.

After the sunset review of 1984, the new Order-In-Council established the following terms of reference for the Council:

- to respond to specific government requests for advice relating to policy formulation and program development and delivery.
- to examine and comment on the effectiveness in a multicultural society of the policies, programs and service delivery mechanisms of the ministries and agencies of the Government of Ontario.
- to assist in promoting the concept of a multicultural Ontario as set out in the Government's multicultural policy with reference to equality, access and participation, cultural retention and sharing.

Moreover, the Council is asked to ensure that its advice reflects the needs, desires, aspirations and expectations of ethnic communities in the Province as a whole and, in particular, regions of the Province as defined by the Minister of Citizenship and Culture.

The present Council is to consist of up to 60 members appointed by the Lieutenant-Governor in Council. The members appointed are required to be sensitive to the multicultural nature of Ontario society and knowledgeable about the aspirations and needs of the ethnic communities in the Province as a whole and in the regions defined by the Minister of Citizenship and Culture. One member of the Council is designated as President and one or more can be designated as Vice-Presidents. At the moment there are two Vice-Presidents.

Members of the Council are appointed for a term of two years with the possibility of one reappointment. In the case of the President and Vice-Presidents, no more than three consecutive terms can be served. At the outset of the appointment process one half of all the members were appointed for one year and the other half for two years, so that in subsequent years one half of the appointees retire each year.

The internal operating structure of the Council consists of an Executive Committee comprising the President, Vice-Presidents and regional convenors. There are five regional convenors serving Southwestern Ontario, Eastern Ontario, Northern Ontario and two convenors for Central Ontario.

The full Council is required to meet at least twice a year while the Executive Committee can meet as often as is necessary.

Order-in-Council 2521/84 does not detail the manner in which the Council is to operate. Consequently, the Council has recently proposed the following terms of reference for its Executive Committee, regional committees and its ad hoc committees.

The ad hoc committees with a maximum membership of five would undertake research and develop recommendations in the subject area assigned by the Executive Committee. Each region would be represented on these issue related committees. In situations where particular committees overlap, there is provision for the creation of coordinating committees.

The Executive Committee, on the other hand, would establish the priorities of the Council by selecting those issues which were of greatest concern. It would also develop an annual work plan for the Council's activities and establish ad hoc committees for the study of concerns that are of a province-wide nature. As well as appointing chairpersons and members of ad hoc committees and assigning issues to specific committees, the Executive Committee would co-ordinate the activities of regional and other committees, serve as a clearing house for information, administer, with the President, the routine functions of the Council, establish, along with the President, the agendas for Council meetings, act on behalf of the Council between full Council meetings, and liaise with other agencies, boards and commissions.

The new regional committees for their part would identify issues for consideration by the Executive Committee, provide input to ad hoc and

other regional committees, provide community feedback on issues of concern to the Council, at the request of the Executive Council serve as a lead committee in researching a specific issue and developing recommendations, with the concurrence of the Executive Committee study and report on any issues that are of regional concern and are not currently being examined by other committees, and provide a regional perspective and focus to matters brought before the Council.

The Council's principal function is to provide advice to the Government of Ontario on matters relating to multicultural issues. The Council's practice has been to establish ad hoc committees charged with developing recommendations on specific topics or issues. Over the years the Council has dealt with such matters as immigration policy, equal opportunity issues, particularly the matter of broader representation on agencies, boards and commissions, the need for court interpreters, the problems of battered women and child abuse, race relations issues, third language education, heritage arts support, media representation of minorities, interfaith matters, tax exemptions for cultural centres, native policy and other related issues and policies.

Although the various ministries of the Government of Ontario have responded to the recommendations of the Council, it is difficult to measure what precise impact these recommendations have had on government policy. In some cases it would appear that there has been some direct connection between a Council recommendation and a change in government policy; in other instances the recommendations of the Council has been one of many inputs into the policy process with no clear evidence that the Council's recommendations have been decisive in changing government policy.

In addition to providing advice on specific issues, the Council has also sought to promote better understanding of multicultural issues by holding forums and meetings to ascertain the options and views of local committees.

Moreover, since 1977 it has published a quarterly newsletter called Multiviews as a vehicle for communicating with the various ethnocultural groups that form the Council's constituency. Another vehicle of communicating with its constituency is the Council's annual report which provides a detailed account of the work of its committees and summaries of its recommendations. Over the years, the Council has also used various radio and television outlets as ways to inform the wider public about multicultural issues.

In addition, the Council has also presented briefs to the Ontario Legislature and the Federal Government.

The Ontario Advisory Council on Multiculturalism and Citizenship was created by Order-in-Council as a Schedule I advisory agency. As such, the Council is required by Management Board of Cabinet to adhere to the administrative guidelines as set out in the Manual of Administration. It must have a Memorandum of Understanding, though at the time of writing it did not yet have such a memorandum with the Ministry of Citizenship and Culture. Staff support is required to come from the Ministry, though the Council does employ an administrative assistant and two secretaries.

As a Schedule I advisory agency, the Council is entirely funded out of the Consolidated Revenue Fund and the funding requirements of the Council are integrated within the Estimates of the Ministry of Citizenship and Culture. There is no separate Vote or Item for the Council. The Ministry is thus directly responsible for the allocation of financial resources to the Council. All audits of the Council are conducted by the Ministry's internal auditors.

As an advisory agency, the Council is subject to Management Board's policy with respect to the sunseting of advisory agencies. This policy requires that all advisory agencies have automatic sunset or termination dates, usually every three years, and that the continuation of an advisory agency's mandate must be argued by the agency and the

Ministry responsible before Management Board. The Council underwent such a sunset review in 1984 when its mandate was extended until 1989.

As has been already indicated, the Council's operations are funded by the Ministry of Citizenship and Culture. Over the last three years, there has been a decline in the Council's expenditures. The total expenditures are as follows: in 1983-84 the figure stood at \$387,684; in 1984-85 it stood at \$331,611 and in 1985-86 it was \$282,179.

The Council's expenditures have gone down in the last few years due to cutbacks in the Ministry. In fact, the Ministry has estimated that overall expenditures for 1986-87 should be no more than \$252,600. For its part, the Council has proposed that it requires \$455,000 for 1986-87. The Council bases its additional requirements on the fact that its per diems are relatively low compared to other agencies, and the fact that the Council has been reorganized recently to include regional convenors and regional committees, and the fact that the size of the Council was increased from 30 to 60 in 1984. Subsequent to the writing of this report, the Ministry of Citizenship and Culture provided the Council with supplementary funding, thereby bringing the Council's total budget to \$400,300.

Recommendations

In reviewing the operations of the Advisory Council on Multiculturalism and Citizenship, the Committee heard testimony from the representatives of the Council with respect to a number of issues of concern.

One issue raised during the Committee's hearings was that of underfunding and understaffing of the Council. As has been previously noted, the funding for the Council comes directly from the Ministry of Citizenship and Culture. The Council's expenditures are totally integrated within the Ministry's budget. The Committee learned that the Council had requested for the fiscal year 1986-87 a sum of

\$455,000 to carry on its activities. The Ministry's initial allocation to the Council was \$252,000, subsequently raised through supplementary estimates to \$400,300. When compared to the funding for a similar type body such as the Council for Franco-Ontarian Affairs, the funding for the Advisory Council on Multiculturalism and Citizenship would appear to be low. The Council on Franco-Ontarian Affairs has a 13 member council as compared to 60 for the Advisory Council on Multiculturalism; to support the former there is one executive officer, two research assistants, one administrative assistant, all classified positions, as well as two secretaries, one receptionist and two part-time clerks, while, on the other hand, the Advisory Council has one administrative assistant and two secretaries and no classified personnel. The Council's budget is inadequate to provide for any new additional staff that may be proposed.

In view of the fact that the Advisory Council on Multiculturalism and Citizenship operates on a regional basis, that requires considerable coordination, the Committee feels that the Ministry of Citizenship and Culture should provide more equitable funding and staffing for the Advisory Council, more in keeping with the funding and staffing arrangements that are provided to such other advisory councils as those dealing with the physically handicapped, senior citizens and Franco-Ontarian affairs.

Your Committee, therefore, recommends that:

1. **The Ministry of Citizenship and Culture establish funding and staffing levels for the Advisory Council on Multiculturalism and Citizenship appropriate to the size of the Council, its operating structures and its mandate.**

Following on this same issue, the Committee was told by the representatives of the Council that it may be appropriate to have the Council expenditure estimates listed as a separate Vote and Item in the Ministry's yearly Estimates. This would require the Ministry to allocate funding to the Council separately from other Ministry programs. An advantage of this would be that during the estimates

process in the Ontario Legislature, members of the legislature would have a clear idea as to the Council's funding. At present, the Council's expenditure estimates are totally integrated within the Ministry's Estimates. At the same time, a separate Vote and Item for the Council would enhance the Council's public image as an arm's length agency of the Ministry.

Your Committee, therefore, recommends that:

2. **The Ministry of Citizenship and Culture establish a separate Vote and Item in its yearly Estimates for the Advisory Council on Multiculturalism and Citizenship.**

The question of an arm's length relationship between the Advisory Council and the Ministry was also raised during the Committee's hearings. The representatives of the Council were of the view that this relationship was not sufficiently emphasized. There is apparently some public perception that the location of the Council's offices within the Ministry's offices, as well as, as previously discussed, the financial integration of the Council within the Ministry's budget process establishes too close a relationship between the Council and the Ministry.

The Committee appreciates the dilemma posed by the Council's relationship with the Ministry. On the one hand, the Council was created as an advisory agency to the Ministry of Citizenship and Culture, and as such clearly comes within the purview of the Ministry's responsibility. On the other hand, the public may be led to conclude that relationship is not only administrative in nature but also political. The consequence of such a perception may be the loss of credibility by the Council.

It is the Committee's view that the Ministry of Citizenship and Culture should make every effort to maintain an arms' length relationship with the Advisory Council on Multiculturalism and Citizenship. In this light, the Ministry should consider locating the Council's offices separate from the Ministry. In addition, as previously mentioned, the

Ministry could also establish a separate Vote and Item for the Council, as well as provide sufficient staff and funding.

Your Committee, therefore, recommends that:

3. **The Ministry of Citizenship and Culture make every effort to maintain an arms' length relationship with the Advisory Council on Multiculturalism and Citizenship and ensure that Council offices are separate from Ministry offices.**

At the same time, the Committee feels that the mandate of the Council is sufficiently broad and the work of the Council sufficiently on-going in nature, particularly as a result of the creation of regional committees and convenors, that there is a need for a full-time Chairman or President to coordinate the work of the various committees and convenors. Moreover, a full-time President could undertake more extensive contacts with the various ethnocultural communities in Ontario.

Your Committee, therefore, recommends that:

4. **The President of the Advisory Council on Multiculturalism and Citizenship be made a full-time position with an appropriate level of remuneration.**

The question was raised during the hearings of the extent to which the activities of the Council were known to the public, particularly to members of the ethnocultural communities. The representatives of the Council indicated that in their opinion the Council's work was not well-known or that the public knew that the Council even existed. Given the fact that the Council is only advisory in nature, this lack of knowledge is not entirely surprising. However, the Committee feels that the Council should make greater efforts in establishing contacts with the various ethnocultural groups. Members of the Council should be encouraged to take part in ethnocultural groups' seminars, discussions and other formal gatherings, in order to learn of their concerns as well as to provide information on the work of the Council. As already mentioned, a full-time President could provide a leadership

role in this regard. The Council could also seek to circulate its recommendations, its publications and its annual reports to the various ethnocultural groups.

Your Committee, therefore, recommends that:

5. The Advisory Council on Multiculturalism and Citizenship make greater efforts in establishing contacts with Ontario's ethnocultural groups.

One reason cited by the representatives of the Council as contributing to the Council's lack of credibility is the slow response the Council's recommendations receive from the Ministry of Citizenship and Culture and other affected ministries. It would appear that the Council's recommendations come to ministries as they are finally decided on by the Council, usually without consideration of the planning process that takes place within ministries. Consequently, the Council's recommendations are often viewed as intrusions into the ministries' own policy development process.

The Committee feels that in order for the Council to be effective in developing sound recommendations, the Council will have to become more knowledgeable about the impact of various policies and programs already established or about to be established, and which could be seen by the Council as having an impact on multicultural policy issues. This would entail the Council monitoring the policies and programs of the Government of Ontario, and the various ministries consulting the Council for its views on the impact of new programs and policies. At the same time, the Committee believes that ministries when proposing new policies or programs should undertake to consult with the Council as to the impact of such policies and programs on the ethnocultural communities.

Your Committee, therefore, recommends that:

6. The Advisory Council on Multiculturalism and Citizenship establish a closer consultative role with the Ministry of

Citizenship and Culture and through it with other ministries of the Government of Ontario; and that ministries initiate consultations with the Council with respect to issues of concern to the Council.

Following on the previous recommendation, the Committee believes that the Ministry of Citizenship and Culture and other affected ministries should establish in conjunction with the Council a formal procedure for responding to the Council's recommendations. The chief characteristic of such a procedure should be timeliness and speed.

Your Committee, therefore, recommends that:

- 7. The Ministry of Citizenship and Culture establish a timely and quick procedure for responding to the Advisory Council on Multiculturalism and Citizenship's recommendations.**

The Committee was told that in the past year the Ministry of Citizenship and Culture had been slow to appoint a full complement of 60 members to the Council.

Given that appointments to the Council are of a two-year duration, a delay of several months in making appointments could seriously affect the work of the Council. The Committee believes that appointments to the Council should be on an orderly basis so that there are no large gaps in the membership. In this way continuity of work is ensured and the effectiveness of the Council is not compromised. The Committee has this same concern with respect to the appointment of a President. In the past there have been significant delays in appointing a President, causing considerable disruption of the Council's work.

Your Committee, therefore, recommends that:

- 8. The Ministry of Citizenship and Culture ensure an orderly appointment of members, including the President, to the Advisory Council on Multiculturalism and Citizenship.**

The Committee also discussed with representatives of the Advisory Council on Multiculturalism and Citizenship the question of whether multiculturalism as a policy of the Government of Ontario should find legislative expression.

The representatives of the Council argued that such a legislative statement, in keeping with section 27 of the Charter of Rights and Freedoms, would clarify for the Government and the people of Ontario what multiculturalism means in Ontario and how it is to be supported. Moreover, a legislative statement of multiculturalism would provide a necessary policy framework for the Council itself.

Your Committee, therefore, recommends that:

9. The Government of Ontario express in legislation the meaning of multiculturalism in Ontario.

While the Committee recognizes that there is a concentration of ethnocultural groups and associations in the Toronto area which would lead to an over-representation of Toronto-based ethnocultural groups on the Council, it feels that such over-representation could lead to serious under-representation of ethnocultural groups from other parts of the province. The result may well be that the concerns of groups outside the Toronto area are not fully communicated to the government or form part of the deliberations of the Council itself.

Your Committee, therefore, recommends that:

10. The Ministry of Citizenship and Culture, when making appointments to the Advisory Council on Multiculturalism and Citizenship, ensure a broad representation of members from across the province.

ONTARIO ARTS COUNCIL

The Ontario Arts Council was established in 1963 to promote the study, enjoyment and production of works in the arts. The Council is an independent agency of the Ministry of Citizenship and Culture and receives its funding from the Province. The Council is the Ontario Government's principal granting body for arts support. It plays an advisory role in assisting the Provincial Government to administer complementary funding programs in the arts sector. In addition to providing grants to theatre and dance groups, orchestras, art galleries and individual artists (to name just a few of the recipients), the Council also promotes the development of local and regional arts resources, and Franco-Ontarian arts.

The mandate of the Council is set out in the Arts Council Act. The Act states that the objects and powers of the Council are as follows:

It is the function of the Council and it has power to promote the study and enjoyment of and the production of works in the arts, and to such end may,

- (a) assist, co-operate with and enlist the aid of organizations whose objects are similar to the objects of the Council;
- (b) provide through appropriate organizations or otherwise for grants, scholarships or loans to persons in Ontario for study or research in the arts in Ontario or elsewhere or to persons in other provinces or territories of Canada or any other countries for study or research in the arts in Ontario;
- (c) make awards to persons in Ontario for outstanding accomplishments in the arts.

The Ontario Arts Council has two organizational components: the Council itself (Chairman, Vice-Chairman and 10 other members) and the staff of the Council (presently numbering 46 persons). The Council

members, including the designated Chairman and Vice-Chairman, are appointed by the Lieutenant Governor in Council for three-year terms. They are volunteers and receive money for expenses only. The Council meets quarterly to study applications and decide on the level of assistance granted to applicants. These meetings usually last three full days. In addition, the Council also meets in the late summer to discuss policy.

Seven of the 12 Council members serve on the Executive Committee. This Committee meets once a month to consider grant requests of a limited nature and to meet with groups and organizations to discuss their plans and problems.

The Chief Executive Officer of the Council is the Executive Director. He is appointed by and responsible to the Council, and directs its administration and operation. There are currently 23 professional staff and 24 support staff employed by the Council.

The staff is divided for operational purposes into ten grant program offices, plus a Communications Department and the core administrative staff.

Of the ten granting offices, six serve specific art disciplines: Dance; Film, Photography and Video; Literature; Music; Theatre and Visual Arts

The four remaining offices are of a cross-disciplinary nature:

Arts/Education, concerned essentially with the provision of arts experiences for students in the province's elementary and secondary schools;

Community Arts Development, concerned primarily with the encouragement of indigenous arts resources outside the major metropolitan areas;

Franco-Ontarian, concerned with the arts as they are practiced and appreciated in the province's francophone communities;

Ontour, concerned foremost with assistance to community groups in the securing and sponsoring of engagements by touring professional performing artists and groups.

Each of these offices is responsible for a number of granting programs, a total of some 80 in all.

The Ontario Arts Council uses four different methods for determining who should receive grants and for how much. Applications from organizations are processed through the various grants offices. These offices conduct their own research study, consult with staff from the Ministry, and seek advice from independent experts. They then submit their report to the Council with their recommendations. This advisory system accounts for roughly 72 percent of all granting activity.

Grants to individual artists are awarded in two different ways. One is a recommendation system where third parties, for example book publishers, theatre companies, and art galleries are invited to recommend worthy artists with work in progress. This third-party recommender system accounts for about seven percent of Council grants.

The other method of awarding grants to individual artists is through an adjudication system. Under the adjudication system, regular competitions are arranged to decide grants to composers, writers, crafts-persons, visual artists and critics, film-makers, photographers, choreographers, screen-writers, video artists and creative artists in all disciplines who wish to engage in a classroom program in elementary or secondary schools.

The artists in each of these areas are invited to make written application on Council forms, to be submitted by set deadline dates which again are timed to Council meetings, for grants up to specified amounts. Applications must be accompanied by samples of the artist's work. Council staff then assemble panels of paid, independent adjudicators. These panels spend from one to five days examining all the applications and submitted sample work. On the basis of their expertise, they make recommendations, which are in turn studied and

approved (occasionally amended) by the Council and the grants awarded. Competitions for screen-writers and visual art critics are held once each year, for film-makers, photographers, video artists, visual artists and crafts-persons twice a year, for choreographers four times a year and for artists wishing to participate in the Arts/Education Office's Creative Artists in Schools program four times a year. In the case of this latter program, which is available only to creative artists and not to performing or interpretative artists, participatory funding by an interested school is a prerequisite for any artist wishing to enter the competition. Generally speaking, artists may apply in any competition but not more than once a year in any particular competition. The adjudication system is also employed to decide grants to periodicals. This method accounts for about fifteen percent of all Council granting.

The fourth grant determination system is by formula or regulation. In formula programs, eligible applicants must meet certain set requirements of the program in order to receive a grant of a certain amount, which is determined by a pre-set formula. This method of determining grants accounts for about six percent of Council grants.

The Council also engages in activities other than granting money to arts organizations and artists. The Council's Ontour Office helps to maintain contacts between touring artists and sponsoring organizations, and Council offices are engaged in on-going consultation with offices in other cities and provinces, service organizations representing the arts, and arts organizations. The Ontario Arts Council also administers a number of private trust funds. The longest of these is the Floyd S. Chalmers Fund which totals roughly three million dollars.

The Ontario Arts Council is a Schedule III operational agency. These are agencies which:

- (i) are totally or partially funded out of the C.R.F. or out of monies collected from the public by means of levies; and
- (ii) can demonstrate a need to operate outside the management practices and procedures established by Management Board; or

- (iii) are able to provide their own administrative support services; or
- (iv) require their staff to possess specialized expertise not normally found in government.

The Ontario Arts Council is funded out of the Consolidated Revenue Fund and allows artists and arts organizations to maintain an arm's-length relationship with the government from which they receive grants.

The Council is funded completely by the Ontario Government. In the year ending March 31, 1986 it received a general grant of roughly \$25 million, of which \$22.1 million was spent on grants and programs.

The operating expenses of the Council for the past three years were as follows: 1985-86 - \$25,507,099; 1984-85 - \$21,261,058; 1983-84 - \$17,500,900

The process for determining the level of subsidy provided by the government is set out in the Council's Memorandum of Understanding.

In determining the level of subsidy, it is understood that the Ministry of Citizenship and Culture is the only source of the Ontario Arts Council's operating funds, provided annually and based on submission of a detailed operating budget request by the Ontario Arts Council. In determining the level of funding each year, the Minister shall consider factors such as: resources available to the Ministry; Ministry policies and priorities; Council's general objectives, operations and achievements throughout Ontario; and proposed Council expenditures.

The Council's formal request to the Ministry for its next year's appropriation is annually submitted in September. This request follows the standard format for all Ministry of Citizenship and Culture cultural agencies. The Memorandum of Understanding states that the Council shall submit the following to the Minister:

- audited financial statements and comparative figures for two fiscal years;
- annual operating budgets (and multi-year plans, if requested);
- a description of Council programs and activities;
- a description of Council staff resources;
- annual objectives and results expected;
- appropriate evaluation reports.

The Arts Council Act requires that the Chairman of the Council annually file with the Minister a report upon the affairs of the Council. The Act also requires that the accounts and financial transactions of the Council be audited annually by the Provincial Auditor. In addition, the Council is represented as part of the Estimates debate of the Ministry of Citizenship and Culture.

The Ontario Arts Council has not been subject to sunset review. The Memorandum of Understanding also requires the Council to submit information regarding its operations to the Ministry upon request. The Chairman and Vice-Chairman of the Arts Council are in frequent contact with the Minister and his staff. The Council's senior staff participate in the periodic Cultural Agencies liaison meeting. The guidelines for these meetings are set down in the Memorandum of Understanding.

Recommendations

The Ontario Arts Council was established with the intention that it would be the principal agency of the Ontario government for granting money to the arts. This allows the government to maintain an arms' length relationship with the artists and arts organizations it funds, which in turn helps to ensure that the arts are not used by the government to accomplish partisan political objectives. The Committee confirmed that this is the only relationship suitable in a free and democratic society. The Committee also recognized that the public have expressed concern that the Arts Council has funded projects against which many citizens have strong moral objections. It

discussed these concerns with the Arts Council and was generally satisfied that the Council is sensitive to those concerns and fully cognizant of its responsibilities for the wise expenditure of taxpayer's money.

In the course of reviewing the funding of the Council, the Committee discovered that the issue of government funding for the arts has apparently become inextricably entwined with proposed changes to the Ontario Lottery Corporation Act. Bill 38, the Ontario Lottery Amendment Act, 1986, would amend the Act by repealing the section which dedicates the profits of the Ontario Lottery Corporation to "the promotion and development of physical fitness, sports, recreational and cultural facilities, and facilities therefor."

The proposed amendment has caused great concern to members of the artistic community, who worry that funding for the arts could be adversely affected. The Committee discussed these concerns with the Ontario Arts Council.

Your Committee, recommends that:

11. The Ontario arts community continue to receive money from lottery funds on the same basis as in the past, namely as stipulated in the Ontario Lottery Corporation Act, for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities.

The Committee noted the steps taken by the Ontario Arts Council to ensure that there is no regional or geographic bias in its selection of grant recipients. The members of the Council are selected from all areas of the province in order to give the Council a representative character. These members can thus ensure that the specific needs of all Ontario regions will be known to the Council. The Committee observed that in the statistics supplied by the Council, there seemed to be a vastly disproportionate amount of funding going to artists and organizations located in the City of Toronto. While the Committee understands that Toronto is the home of a thriving artistic community and that artists tend to gravitate towards that community, it felt that the share of funding allocated to artists in Toronto still seemed

disproportionately high. Upon investigation, the Committee learned that the problem may well be one of how the Council gathers and records the information concerning the artist's place of residence. Often artists list Toronto as their home when they live in one of the cities located next to or near the City of Toronto. In order to ascertain whether bias actually exists, the Ontario Arts Council must direct its grant recipients to record this information precisely.

Your Committee, therefore, recommends that:

12. **The Ontario Arts Council ensure that its grant recipients be precise when recording their place of residence and distinguish between the City of Toronto and communities in the greater Toronto area.**

The Committee discussed with the Ontario Arts Council the issue of whether the cultivation and promotion of the arts can be accomplished if Council funding is limited to artistic productions and events. The Council's view is that a significant amount of funding must be directed to the education and training of artists. Some of this funding already occurs through the Council. One means of promoting artistic development that the Committee believes has not been fully utilized is education in the arts in the school system. The Council already works closely with the school systems in Ontario, funding artists who tour the province and perform in the schools. In addition, home and school associations and community groups having an interest in arts education can apply to the Council for funds to put on workshops on arts education. Discussions involving the Council and the Ministries of Education and Citizenship and Culture on the possibility of a project to train teachers in various aspects of the arts have been initiated. The Committee encouraged the Council to promote this concept as best it can. At the same time, the Committee expressed its concern that some of the province's schools of art are not receiving sufficient funds. This aspect of art education could thus be improved. The Committee discussed with the Council the possibility of involving other ministries in funding programs for education in the arts.

It was suggested that the Council should discuss with the Ministry of Skills Development programs of education in the arts that would help to promote the development of the arts and crafts industry in Ontario.

ONTARIO DEVELOPMENT CORPORATIONS

The Ontario Development Corporation was created in 1966 to encourage and assist in the industrial development and diversification of Ontario by providing various forms of financial assistance, as well as technical and business information. The Corporation was to extend the functions of the Ontario Development Agency which had been created in the early 1960s. However, where the Ontario Development Agency had a province-wide mandate, the Ontario Development Corporation was to concentrate on smaller communities and remote areas of the province that had not experienced significant industrial development. This new mandate, however, was not adequate to serve two areas of the province that had special problems attracting or developing a strong industrial base. These two areas were Northern and Eastern Ontario. Consequently, in 1970, the Northern Ontario Development Corporation was created and then in 1973 the Eastern Ontario Development Corporation. The former encompasses the districts of Algoma, Cochrane, Manitoulin, Nipissing, Sudbury, Timiskaming, Kenora, Rainy River and Thunder Bay, while the latter encompasses the counties of Hastings, Prince Edward, Renfrew, Lennox and Addington, Frontenac, Lanark, Leeds, Grenville, Russell, Dundas, Stormont, Prescott and Glengarry and the Regional Municipality of Ottawa-Carleton.

The economic intention behind the creation of the corporations was to encourage regional economic development, particularly with respect to small businesses which had the highest potential for employment growth. At the same time, the corporations were to pursue the Province's objectives of import replacement, foreign market development and the creation of new technology.

The Development Corporations Act, R.S.O. 1980, c.117, establishes the three corporations. The Ontario Development Corporation, the original Corporation, is composed of not more than 16 directors, four of whom are directors of the Eastern Ontario Development Corporation and four of whom are directors of the Northern Ontario

Development Corporation. All of whom are appointed by the Lieutenant Governor in Council. This system of interlocking directorships ensures consistency of decision making among the three corporations. The other two corporations consist of not fewer than five and no more than 14 directors, appointed by the Lieutenant Governor in Council. In 1982, the Development Corporations Act was amended to exclude local municipal politicians and staff from serving as directors of a Corporation. This change was introduced in order to avoid conflict of interest when a corporation makes decisions with respect to municipal requests for grants.

The Ontario Development Corporation is constituted with share capital in the sum of \$7,000,000 divided into 7,000 shares with each share having a par value of \$1,000. The other two corporations, on the other hand, are created without share capital. The Business Corporations Act does not apply to the Ontario Development Corporation, while the Corporations Act does not apply to the Eastern and Northern Ontario Development Corporations.

Each Board of Directors manages the affairs of the particular corporation, and each Board has the power to make by-laws regulating its proceedings and conduct its affairs. The Chairman and Vice-Chairman of each corporation are designated by the Lieutenant Governor in Council. The members of each Board receive a per diem plus expenses, with the Chairman receiving \$140, the Vice-Chairman \$120 and ordinary members \$105. In 1985 each of the Boards met 11 times.

Under the Development Corporations Act there is one chief executive officer for all three corporations appointed by the Lieutenant Governor in Council. The chief executive officer can be a director of a corporation and a member of the public service of Ontario. Where the chief executive falls in neither category he is paid such remuneration as is fixed by the Lieutenant Governor in Council.

The staff of the three corporations in 1985-86 consisted of 152 employees working within various divisions headed by Directors for -

loan applications (ODC), finance and administration, special financial services, industrial parks, loan administration and loan applications (EODC and NODC). As well there is a corporate secretary and legal counsel. Officers, clerks and other employees can be appointed under the Public Service Act. In addition, the corporations can employ technical experts and professional consultants.

The Act sets out the following objects for the corporations under section 11.

The objects of the Corporations are to encourage and assist in the development and diversification of industry in Ontario, including, without limiting the generality of the foregoing,

- (a) the provision of financial assistance by loan, guarantee or purchase of shares or other securities;
- (b) the provision of sites, equipment, premises, facilities and services; and
- (c) the provision of technical, business and financial information, advice, training and guidance to persons or organizations, whether or not incidental to the provision of financial assistance.

In fulfilling these objects, the corporations are given the following powers under section 12 of the Act.

- (1) Notwithstanding any other Act, each corporation for these objects set out in section 11 possesses power to,
 - (a) lend money to a person carrying on any industrial undertaking in Ontario where, in the opinion of the board, the funds in the circumstances are not available elsewhere on reasonable terms;

- (b) guarantee the payment of any loan, or any part thereof, and all or any part of the interest thereon, made by a lender approved by the corporation to a person carrying on any industrial undertaking in Ontario where in the opinion of the board the funds in the circumstances are not available elsewhere on reasonable terms;
- (ba) make grants to a person carrying on an industrial undertaking in Ontario;
- (bb) pay interest subsidies to a person carrying on an industrial undertaking in Ontario where the interest is charged in respect of a loan made by a lender approved by the corporation;
- (c) lend money to a person establishing or substantially expanding any industrial undertaking in an area of equalization of industrial opportunity approved under section 8 of the Ministry of Industry and Trade Act, 1982 and forgive repayment of the loan in whole or in part;
- (d) take security by way of mortgage, charge, hypothecation or assignment of or on any real or personal property or otherwise and to compromise or release in whole or in part any such security and the repayment of the debt evidenced thereby;
- (e) buy, hold, own, hire, maintain, control, take, lease, sell, assign, exchange, transfer, manage, improve, develop or otherwise deal in and dispose of, either absolutely or by way of security or otherwise, any property real and personal, movable and immovable, and assets generally;
- (f) buy, acquire, accept, and hold, exchange, transfer, assign, sell, dispose of or deal in, either absolutely or by way of security or otherwise, all kinds of bills, notes,

negotiable instruments, commercial paper, conditional sale agreements, lien notes, hire purchase agreements, chattel mortgages, bills of lading, bills of sale, warehouse receipts, guarantees, chooses in action or instruments of assignment, conveyance, mortgage, pledge, charge or hypothecation, and shares, stocks, bonds, debentures, debenture stocks, securities, obligations, agreements and evidences of debt;

- (g) do all things that are incidental or conducive to the attainment of the objects of the corporation.
- (2) The power conferred by clause (1)(c) shall only be exercised with the approval of the Lieutenant Governor in Council and the Lieutenant Governor in Council may, by regulation, require the approval by the Lieutenant Governor in Council of the exercise of all or any of the powers of a corporation conferred by clauses (1)(a) to (bb).
- (3) In respect of loans made by Northern Ontario Development Corporation or Eastern Ontario Development Corporation under clause (1)(c) or (c), the Ontario Development Corporation shall be deemed to be the creditor.
- (4) Where the approval of an area of equalization of industrial opportunity is rescinded, a corporation may proceed to exercise its power under clause (1)(c) in respect of any person whose application has been acceded before the rescission.
- (5) Every guarantee executed under the seal of a corporation and signed by the Treasurer of Ontario and given or purporting to be given under the authority of this section is binding upon the Province of Ontario and is not open to question upon any ground whatsoever.
- (6) Each corporation may, for the objects set out in section 11 and subject to the approval of the Lieutenant Governor in Council, make a loan to a municipality mentioned in subsection (8) carrying on an industrial undertaking in Ontario,

subject to such terms and conditions as the Lieutenant Governor in Council approves.

- (7) In the exercise of its powers respecting the acquisition, financing, use and development of land in connection with industrial undertakings, each corporation shall comply with any directions from time to time given to it in writing by the Lieutenant Governor in Council or the Minister expressing the policy of the Government of Ontario.
- (8) In this section, "industrial undertaking" includes an undertaking by a city, town, village, township or county or a regional, district or metropolitan municipality to encourage or assist in the development and diversification of industry.

The Act also provides for the lending of money by the Northern Ontario Development Corporation to owners of land in any territory without municipal organization for the purposes of constructing works or building repairs.

The three corporations are also given the power to borrow or raise money by issuing or selling debentures, or by temporary loans or loans from any chartered bank or from any person.

The general purposes of each corporation are to carry out the objects of the corporations, to pay, refund or review any sum or sums of money raised by loan or securities, to repay any advances made by the Province of Ontario, or any securities of the corporation issued or delivered to the Treasurer, and to pay any obligation, liability or indebtedness of the corporation.

The Lieutenant Governor in Council can authorize the Treasurer of Ontario to guarantee that the Province will pay any debentures, bills or notes issued by or of any temporary loan made to a corporation. Moreover, the Lieutenant Governor in Council can authorize the Treasurer to purchase shares of the Ontario Development Corporation,

or purchase any debentures, bills or notes of a corporation, or make advances to a corporation.

The Ontario Development Corporation can redeem its own shares. All three corporations can temporarily invest any surplus monies in securities issued or guaranteed by the Province of Ontario, any other province of Canada, or the Government of Canada, or in guaranteed investment certificates of any trust company, or in deposit receipts, deposit notes, certificates of deposits, etc. issued or endorsed by any chartered bank.

The corporations provide three types of financial assistance – guarantees, with or without incentives; term loans, with or without incentives; and export support lines of credit. With respect to guarantees, the corporations can offer a total or partial guarantee of a loan from conventional sources in cases where adequate funding may not be otherwise available. The maximum guarantee offered is \$1,000,000.

In some cases where there is a demonstrated need by the applicant, and where the proposal may have significant benefits for the province, the corporations can provide an incentive in the form of an interest subsidy decreasing over the initial years of the term of the loan. The incentive is usually tied to the cash flow requirements of the applicant.

Term loans, up to a maximum of \$500,000, are also provided on a selective basis, usually as part of a total financial package where traditional funding under normal terms and conditions is not sufficient. The terms of these loans are tailored to suit the individual needs and circumstances of the borrower. The interest rates of the corporations are lower than rates charged by conventional lenders and thus provide significant incentives to applicants. However, in rare cases where the project has exceptional benefits to the province and the cash flow needs of the applicant cannot be met by other programs, the corporation may selectively provide incentives in the form of interest and/or principal deferment. In the year 1984–85 the corporations

approved 665 loans and guarantees totalling \$61 million for small and medium-sized industrial enterprises.

The corporations also have an Export Support Program to assist with the financing of foreign receivables by Ontario based exporters who are experiencing difficulties in financing sales to foreign countries. Lines of credit established under this program carry an interest rate fixed for a one year period in order to provide some financial stability to the new exporters. The maximum line of credit is \$1,000,000. In 1984-85 a total of \$33.3 million was approved under this program.

The corporations' financial assistance is directed towards entrepreneurs and small businesses with good management, competitive products and strong potential and which are involved in such activities as: secondary manufacturing; services closely allied to secondary manufacturing; tourism operations and attractions in areas where tourism is of major significance. The types of projects that may be eligible for assistance include: construction of new buildings or the purchase of existing vacant buildings; purchase of production equipment; initial commercial production of products involving new technology; expansion of high technology, growth firms; financing of foreign receivables in export markets; purchase and/or renovation of the fixed assets of a viable foreign-owned Ontario-based company which otherwise would cease production; purchase of pollution control and energy saving equipment; development, expansion and renovation of tourist accommodation and attractions; purchase of tourist hotels, motels and lodges on a case-by-case basis in priority tourism areas; and upgrading of tourism facilities in line with Tourism Ontario's Grading Program. In 1984-85 the corporations approved 171 tourist loans and guarantees totalling \$31.7 million.

The corporations also provide a counselling service that helps small businesses with the development of business plans, marketing, promotion, costing and related small business problems. On average,

3,000 small businessmen a year receive advice from the corporations' staff.

The Ontario Development Corporation also operates two industrial parks, one near Cobourg, the other near Exeter. The two parks employ 2,000 people and rent space to 22 manufacturers.

In their capacity as agents for the Province of Ontario, the corporations administer programs for various Ontario ministries and have entered into agreements with agencies of the federal government.

In addition, the 1986 Ontario Budget announced that the Ontario Development Corporations will be expanded to include a New Ventures program, which will provide loan guarantees of up to \$15,000 to newly-established businesses. As well, a new program, Innovation Ontario, will provide pre-venture capital assistance to small businesses in the high technology field. It will provide assistance for licencing and joint ventures, and for firms developing technology-intensive products purchased by all levels of government. To accomplish these objectives, the corporations' budget will be increased by \$10 million in 1986-87.

The operational budget of the three corporations is defrayed out of monies appropriated by the Legislature and the monies appear in the Estimates of the Ministry of Industry, Trade and Technology. Total operating expenditures for the corporations are as follows: 1983-84 - \$6,290,000; 1984-85 - \$6,808,000; and 1985 (December 31, 1985) - \$5,893,000.

With respect to its financial assistance programs, these monies come from the Treasury either in the form of advances on which the corporations have to pay interest or where the Treasury reimburses the corporations with respect to guarantee subsidies, loan forgiveness, loss on loans, or where guarantees are offered or interest incentives provided. Any obligations by the corporations with respect to these accounts are paid by the Treasury.

For the fiscal year 1985–86, the corporations received \$27,000,000 for the issuance of new loans; the Ontario Development Corporation received \$16,000,000 while the other two received \$5,800,000 each. In the latter two cases, this was a decrease in the estimates from 1984–85 of \$1,350,000 each.

The combined statement of operations for the year ended March 31, 1985 reveals that the corporations' revenue consisted of \$22,026,616 received as interest on outstanding loans and net income of \$1,239,171 from the two industrial parks owned by the ODC. Total income came to \$23,265,787. Expenses totalled \$39,423,546, and consisted of interest of \$19,764,787 owed to the Treasury; \$12,682,144 worth of loans written off and guarantees honoured; \$168,583 worth of guarantee interest subsidy; and administrative expenses of \$6,808,032. The loss for the year was \$16,157,759. However, as was pointed out above, the Treasury is obligated to reimburse the corporations for a number of transactions, and the Ministry of Industry, Trade and Technology reimburses the corporations' administrative expenses. The total amount reimbursed for 1984–85 was \$26,173,603. Set against the loss for the year of \$16,157,759, the corporations realized a net income of \$10,015,844.

The Ontario Development Corporations are designated by Management Board as Schedule I agencies that require a Memorandum of Understanding establishing the corporations' formal relationships with the Ministry of Industry, Trade and Technology. The most recent Memorandum is dated October 1985 and defines the responsibilities of the corporations. Thus, the Minister nominates individuals for appointment and defines for the Boards of Directors the overall policies of the Government of Ontario. The Minister also reviews and approves the long term and annual operating and financial plans of the corporations, and when necessary obtains governmental authority to enable the corporations to carry out their objectives. Moreover, the Minister can call upon the advice and counsel of the Boards of Directors, the Deputy Minister of Industry, Trade and Technology, the Executive Director or the Chief Executive Officer with respect to the

planning and delivery of programs of the corporations. Finally, the Minister receives the annual reports and audited financial statements of the corporations.

For their part, the Boards of Directors are required to manage and control the affairs of the corporations within the policies approved by the Minister and, more specifically, to review, approve or decline applications for financial assistance. In addition, the Boards are asked to review the long term and annual operating and financial plans of the corporations prior to submission to the Minister; to pass by-laws regulating its proceedings and for the management of the affairs of the corporations; to make recommendations for the passing of regulations; to evaluate the operational performance of the corporations; and to obtain approval of the Minister when the corporations are contemplating any action incidental to their objects.

In addition, the Memorandum outlines the responsibilities of the Minister of Industry, Trade and Technology. He is to carry out basic resource management responsibilities, review the corporations' long term and annual operating and financial plans prior to submission to the Minister, give direction to the executive officers of the corporations with respect to personnel matters, review cash flow forecasts, commitments, disbursements and losses for the programs provided in the Estimates of the corporations, give direction to the executive officers with respect to staffing, grievances, benefits and other matters, maintain personnel records, prepare payroll records and pay salaries; provide advice on word processing and microcomputers, coordinate reports to Management Board on operations, forecasts, estimates and Management-by-Results, and conduct internal operational and financial audits of the corporations.

The responsibilities of the Executive Director and the Chief Executive Officer are: to develop the long term and annual operating and financial plans of the corporations; prepare annual estimates; conduct day-to-day affairs of the corporations; account to the Chairmen of the Boards of Directors and provide records for evaluative purposes; assist

in passing by-laws and regulations; and account to the Deputy of the Ministry for administrative purposes and with respect to personnel and financial matters.

In addition, where corporations are required to honour guarantees given by the corporations or on behalf of the government, the corporations shall be reimbursed out of monies voted by the Legislature. The Northam and Huron Industrial Parks operated by the Ontario Development corporation shall be self-supporting, with public servants' wages and benefits voted by the Legislature in the Estimates of the Ministry.

The corporations are also required to maintain accounting procedures in accordance with the Manual of the Treasury. The corporations must obtain agreement from the Assistant Deputy Minister, Office of the Treasury, before it enters into any agreement which could increase the Province's direct, indirect or contingent liabilities, or affect the financial, cash and debt management policies of the Province.

With respect to financial arrangements, the Memorandum requires that the corporations develop long and short term operating and financial plans and annual estimates; that annual estimates of the corporations be submitted through the Ministry to Management Board for approval; that salaries, wages, benefits and operating expenses be provided out of monies voted by the Legislature; and that funds required for loan disbursements be provided out of the Consolidated Revenue Fund. Moreover, the corporations are required to pay to the Treasury each month all principal repayments received from borrowers and every six months pay interest to the Treasury on outstanding loan advances, calculated in accordance with Treasury methods. The Boards are also required to review the liquid reserves of the corporations semi-annually to determine if there is an excess of the corporations' needs and if there is, such excess shall be remitted to the Consolidated Revenue Fund. Where loans made by the corporations become unrecoverable, an amount equal to the amount to be written off shall be provided out of monies voted annually by the Legislature to be applied to reduce the outstanding advance.

With respect to operating relationships, the Memorandum, in addition to reaffirming the composition and procedures of the Boards of Directors, provides that officers, clerks and servants may be appointed under the Public Service Act, and no member, officer or employee is personally liable for anything done in good faith under the Development Corporations Act. Moreover, the corporations are required to provide the Ministry of Industry, Trade and Technology and the Ministry of Tourism and Recreation with notice of Board meetings. In addition, the Deputy Ministers of both these ministries can attend meetings of the Boards. The Memorandum requires that in administrative matters the corporations operate under the Manual of Administration and that its employees be appointed under the Public Service Act. However, the corporations can employ consultants and experts, but must follow the administrative policies of the Government and the Manual of Administration.

In matters of control and reporting, the Memorandum requires that the corporations make operational reports to Management Board. The accounts and financial transactions of the corporations are to be audited by the Provincial Auditor and may be audited by Ministry auditors or any other auditors appointed by the Minister. The corporations are also asked to make an annual report to the Minister of the loans and guarantees approved by the corporations in the fiscal year. This report is then laid before the Assembly. The corporations must also provide to the Boards and the Minister agendas and minutes of the Board meetings. Finally, regular performance appraisals must be made of the Executive Director and Chief Executive Officer by the Deputy Minister, with input from the Chairmen of the Boards of Directors.

Recommendations

In discussing the operations of the Ontario Development corporation, including the Northern Ontario and the Eastern Ontario corporations, with representatives of these organizations, the Committee raised a number of matters of concern.

The objective of the corporations is to provide financing for small Ontario businesses in areas of the province where there is a demonstrated need for economic development, but under circumstances where the particular business has difficulty obtaining necessary financing from the private sector. For a variety of reasons commercial banks may find that investing in that business may be too high a risk. In these circumstances, the Ontario Development corporations are there to provide the necessary financing. At the same time, in creating the corporations the government of the day did not intend that taxpayers' money should be spent frivolously on projects that are ill-conceived or have no realistic chance of success. Needless to say, the corporations' policy mandate and good management practices create an element of tension.

In the context of the foregoing, the Committee raised the question of the extent to which the corporations' loans have been written off. According to the information provided to the Committee, the corporations have written off between two to three percent of their loans on average per year. Given the fact that the corporations provide financing to relatively high risk businesses, these figures compare favourably with commercial banks which write off approximately one percent or less of their loans on a yearly basis. The Committee believes that the corporations should hold the write-off record of one percent of the commercial banks as a target towards which to aim. At the same time, however, the Committee recognizes that in Northern and Eastern Ontario such an objective may not be appropriate or feasible. In these areas where economic development has lagged behind that of central and southwestern Ontario it may be that the Northern and Eastern Development corporations need to adopt more flexible targets.

Your Committee, therefore, recommends that:

13. The Ontario Development Corporations seek to set for loans written off the target of one percent, but that for Northern and Eastern Ontario the existing loan write-off record of three percent is appropriate.

With respect to how loan write-offs are dealt with internally, the Committee was told that a new policy has been put in place. Previously, write-offs were part of the budgetary process; that is each year during the Estimates process, the corporations and the Ministry of Industry, Trade and Technology, made an estimate of the number of loans that were likely to be written off. Obviously, in some years, these estimates would be high, in other years too low. In the future, the corporations will be required to assess each loan accurately to determine whether repayment of the loan is likely, and, if this is the case, the loan will be written off. The Committee endorses this new policy as more realistically reflecting the status of outstanding loans. The Committee believes that this new accounting method should be reflected in the corporations' annual report. This raises a further point. The corporations' annual report does not specifically identify written off loans. Rather, since the Treasury covers these loans, the amounts written off appear as revenue from the Treasury and as expenses in the corporations' operating statement. For those unfamiliar with the corporation's accounting procedures, these items may not be clearly identified as loans written off. The Committee believes that the corporations' annual financial statement should clearly and fully state the amount of loans written off each year.

Your Committee, therefore, recommends that:

14. The annual financial statements of the Ontario Development Corporation, the Northern Ontario Development Corporation and the Eastern Ontario Development Corporation clearly present the actual amount of loans written off each year.

Another issue of concern to the Committee is the internal management of the corporations. In discussions with the representatives of the corporations, the Committee learned that the corporations could improve their operational performance and efficiency and provide better service to their customers if certain measures were taken. For instance, the use of state-of-the-art information systems, principally

data processing equipment and computers, would provide more efficiency in data storage and retrieval, thereby providing quicker responses to customers. Moreover, modern computer technology could provide the basis for more tailor-made lending practices. The corporations could lend exact amounts on a weekly or monthly basis, thereby ensuring that the borrower does not over-borrow. This would prevent the borrower from having to repay interest on money not required, and, at the same time, give the corporations more lending capacity.

Your Committee, therefore, recommends that:

15. The Ontario Development Corporations introduce state-of-the-art information systems to improve operational performance and efficiency.

Moreover, it is evident to the Committee that if the corporations are to be effective in their mandate, they will have to be more sensitive to regional conditions and circumstances. This will require that the corporations create more regional offices, particularly in Northern and Eastern Ontario. At the same time, these regional offices will have to develop better communications with their particular regions and communities in order to ascertain the particular needs and developments of those regions. These regional offices will have to become more aggressive in knowing the needs of their regions, in providing advice and in monitoring loans.

Your Committee, therefore, recommends that:

16. The Ontario Development Corporations increase the number of regional offices, particularly in Northern and Eastern Ontario.

The corporations over the years had developed an internal process of dealing with applications, approval, disbursement and repayment of loans that required the involvement of different divisions of the corporations. This meant that any given borrower or client had to deal with a number of different people as the loan was processed through

the corporations. This system created operational inefficiencies for the corporations and confusion for clients.

The corporations are now considering streamlining this process along commercial lines, so that one officer of the corporation is responsible for any given loan throughout the life cycle of that loan. The Committee wishes to express its support for the streamlining of the corporations' internal operating procedures.

Your Committee, therefore, recommends that:

17. **The Ontario Development Corporations institute procedures to streamline the way the corporations deal with loans over their life-cycle.**

It was evident to the Committee that the Ontario Development Corporation had considerable success in developing and administering its two industrial parks in Exeter and Cobourg. These parks now provide profit revenue for the corporations. The Committee believes that the expertise the corporations have acquired in developing and administering these parks should be available to municipalities at their request. In particular, the Committee is of the view that similar industrial parks be established in Northern and Eastern Ontario.

Your Committee, therefore, recommends that:

18. **The Ontario Development Corporations consider the expansion of industrial parks, particularly in Northern and Eastern Ontario.**

During its discussions with the representatives of the corporations, the Committee was advised that there has been an increasing shift in the Ontario economy away from manufacturing to the service sector. This service sector, particularly at the small business level, has grown and will continue to grow in the future. It is the Committee's belief that

the small business service sector has been neglected. In view of the fact that this will be a growing sector in the Ontario economy, the Committee is of the opinion that the Ontario Development Corporations should begin to provide loans to that part of the service sector that supports various business activities.

Your Committee, therefore, recommends that:

19. **The Ontario Development Corporations should provide loans to the small business service sector that provides support to various business activities.**

Following on this recommendation, the Committee believes that if the corporations are going to be more sensitive to changing patterns of business activity in the province, the corporations will have to undertake, either on their own initiative or in cooperation with the Ministry of Industry, Trade and Technology, analyses and studies of development potential in various parts of the province. Such studies would be useful not only for the corporations' own internal decision-making processes, but, where made public, would aid local entrepreneurs and businessmen in their decisions to establish new types of business in their areas.

Your Committee, therefore, recommends that:

20. **The Ontario Development Corporations undertake analyses and studies to ascertain the development potential of designated regions and communities of Ontario, and that these studies be made available to the public.**

Finally, the Committee expressed interest in the idea of permitting borrowers and clients of the corporations to roll together loans where a particular client has received a number of loans over a number of years. While the Committee appreciates some of the problems inherent in such a scheme, it is also aware of the potential benefit to clients of the corporations.

Your Committee, therefore, recommends that:

21. The Ontario Development Corporations seek a method whereby loans taken out in several different years can be amalgamated.

ONTARIO LAND CORPORATION

The Ontario Land Corporation was created in 1974 to assist in the promotion of community and industrial development of land in Ontario. The Corporation is the corporate vehicle for the Ministry of Housing's Real Estate Wing. It is responsible for planning, financing, developing, managing and marketing all provincially owned land acquired for residential, industrial and commercial development. This includes land in Townsend (City of Nanticoke), Seaton (Pickering), Scarborough, Markham, Ottawa, Hamilton, London, Guelph, and Kitchener.

The Corporation is also responsible for directing the mortgage lending activities of the government administered by its subsidiary, Ontario Mortgage Corporation.

The Ontario Land Corporation was created in 1974 by the Ontario Land Corporation Act as a corporation without share capital. Section 13 of the Act states that the objects and powers of the Corporation are as follows:

The objects of the Corporation are to assist in the promotion of community and industrial development of land in Ontario by the acquisition of land, development of land and the disposal of land to persons in the private and government sectors for residential, community, industrial, governmental and commercial uses and, without limiting the generality thereof, in the carrying out of those objects the Corporation has the power to,

- (a) alone or in conjunction with any person or governmental authority, acquire, develop, redevelop, improve, alter, maintain, lease, license, sell, exchange, mortgage or otherwise deal with, as the Corporation considers advisable, any land in Ontario or any interest therein, including all or any buildings or structures that are then or may thereafter be erected, altered, or improved thereon, with power to enter into any agreement relating thereto;

- (b) lend and invest money on security of real estate and to sell, mortgage, or otherwise dispose of mortgages;
- (c) subscribe for, purchase, invest in, sell, assign or otherwise deal in shares, stocks, bonds, debentures, notes and other securities of any government or municipal corporation, or of any corporation whose objects include the buying and selling of land; and
- (d) do anything that, in the opinion of the Board, can be done advantageously by the Corporation in connection with or ancillary to the carrying out of the objects of the Corporation set out in clauses (a), (b) and (c).

The Corporation is given additional powers to expropriate land, to have assets transferred to it from the Province or any board, commission or agency, and to use the services and facilities of any ministry, board, commission or agency. The Corporation is also given general borrowing powers and can issue notes, bonds and debentures and other securities at rates of return determined by the Corporation and subject to approval by the Lieutenant Governor in Council. Certain powers provided in the Corporations Act are also possessed by the Corporation. Provision also exists in the Act for the Corporation to repay advances made by the Province, as well as the payment of notes, bonds and debentures or other securities of the Corporation issued or delivered to the Corporation. In addition, provisions exist for the payment in whole or in part of any loan or security, notes, bonds, debentures or any other liability or indebtedness of the Corporation. It may be said that these and other provisions of the Act permit the Corporation to deal with securities much like a similar corporation in the private sector.

The Act also gives the Treasurer the authority, subject to approval by the Lieutenant Governor in Council, to make loans to the Corporation and may acquire as evidence bonds, debentures, etc., of the Corporation. The Lieutenant Governor in Council is authorized to raise funds for the Corporation on terms of conditions agreed upon by the

Treasurer and the Corporation. The Corporation is also authorized to purchase or sell securities of the Governments of Canada, Ontario or any other province, of insurance companies, of any chartered bank, or of any trust company.

The Corporation's original policy objectives were to realize the Provincial investment in land, mortgages, and other assets through their sale to the private sector or other public agencies. These objectives have recently been altered.

In 1986, Cabinet directed the Corporation to cease all its activities by transferring at no cost its land and other assets to the Ministry of Government Services or other ministries or agencies by March 31, 1987.

The Corporation's current mandate is to accelerate the sale of its land assets to the private sector, transferring the remaining lands to other government ministries, and to sell its \$340 million first mortgage portfolio within the next two years. Two inter-ministerial projects have been established to review government direction regarding the North Pickering Land assembly and the Townsend Project. A new Memorandum of Agreement is now being drawn up to reflect the transfer of the Corporation to the Ministry of Government Services.

The Ontario Land Corporation is a Schedule I operational agency. The criteria for such agencies are as follows:

- (i) which are totally or partially funded out of the C.R.F. or out of monies collected from the public by means of levies; and
- (ii) whose administrative support services are currently being provided by the ministry. Although such agencies may, in future, more appropriately fall into Schedules II or III, they do not yet satisfy all the criteria for these schedules. It is incumbent upon such agencies to demonstrate that they have reached a stage where they can justify allocation to Schedules II or III before being reallocated.

At the moment, the Corporation has a six member Board of Directors. The Chairman and other members of the Board are appointed by the Lieutenant Governor in Council. They are paid the following salaries:

Chairman: \$135 per diem and expenses and Members: \$100 per diem and expenses.

Corporate administration for the Ontario Land Corporation and its subsidiary the Ontario Mortgage Corporation is provided by the Real Estate Wing of the Ministry of Housing. The current Memorandum of Understanding between the Minister of Housing and the Ontario Land Corporation states that the Corporation shall appoint the Assistant Deputy Minister, Real Estate Wing as its Chief Executive Officer and Vice-Chairman. The Ministry's Real Estate Wing carries on the Board's approved policies and programs.

As of March 31, 1985, the Ontario Land Corporation managed 26,500 hectares of land acquired for land banking and development purposes as well as 23,200 mortgages and 5,900 land leases issued under various housing programs. The Corporation wrote down the value of its assets by \$266.6 million in 1985-86 to reflect current appraised market value.

To finance its investment in real estate, the Corporation borrowed from both the Canada Mortgage and Housing Corporation (C.M.H.C.) and the Treasurer of Ontario. The debt due to C.M.H.C. is repayable under two debentures due December 31, 2001. The amount owed C.M.H.C. as of March 31, 1985 was \$102.7 million.

The Treasurer of Ontario is the Corporation's main source of loans. These loans are repayable as funds are realized from the assets. As of March 1985, the Corporation owed the Treasurer \$872.3 million, of which \$390.7 million are non-interest bearing loans. In the 1985-86 fiscal year, Treasury debt in the amount of \$291.1 million was forgiven and taken off the Corporation's liabilities.

The Corporation's investment in land as of March, 1985, amounted to \$516,806,000. In the 1985-86 fiscal year, Treasury debt in the amount of \$219.1 million was forgiven.

The total expenses for the agency in the last three years were as follows: 1985-86 - \$12,598,174; 1984-85 - \$12,798,160; 1983-84 - \$38,187,498. (Includes transfer payment for Ontario Renter Buy Program and Ontario Rental Construction Loan Program.)

The Corporation recently designed a new Corporate Plan to reflect the directions received from the Government of Ontario to accelerate the disposal of its land and mortgage assets.

By 1990/91, the Corporation plans to have:

1. disposed of 27,500 acres of land, representing 43% of total land area owned as of April 1, 1986;
2. sold 90% of the Corporation's land assets within the 5-year period of this plan. This excludes the major land banks of South Cayuga and Nanticoke, and also North Pickering and Townsend which are pending review by an inter-ministerial Committee;
3. reduced by 84% (to \$62 million) the mortgage and lease portfolio owned by the Corporation;
4. concluded existing federal/provincial partnership agreements;
5. retired completely the debentures payable to CMHC; and
6. reduced Treasury debt by \$310 million or 96% from the original balance as of April 1, 1986.

The Corporation is developing other initiatives to further accelerate the disposal of assets. Because these activities have not yet been finalized, their possible effects have not been reflected in the corporate plan.

Excluding the effects of these initiatives under development, the assets remaining after the plan's five-year period will be:

- North Pickering (large, under review)
- Townsend (under review)

- Heritage Green (large development)
- South Cayuga (large land bank)
- Nanticoke (large land bank)
- Cambridge (industrial development)
- Residential land leases (\$44 million under review as to disposal)
- 2nd mortgages (\$34 million; with \$7 million potentially saleable with OMC 1st mortgage)
- Deferred profit mortgages (\$49 million under review as to disposal)

The majority of the remaining assets will be disposed of in the subsequent five-year period.

The Ontario Land Corporation Act requires that the Corporation deliver to the Minister of Housing an annual report upon the affairs of the Corporation. The Corporation is also required to report to the Minister on its affairs where the Minister requires it.

The Act also requires that the Corporation be audited annually. The auditor or firm of auditors may be appointed by the Corporation and shall be under the Provincial Auditor. The Corporation is audited by both Ministry Auditors and the Provincial Auditor.

The Corporation submits its annual estimate of expenditures request to Management Board and the Legislature, and the Corporation's funding is approved by Management Board and Treasury. In addition, the Corporation's corporate plan is approved by the Minister and submitted to Management Board and Treasury for review.

The Corporation is required to operate within the general framework of government policies. Corporate policies are determined by the Board of Directors. Operational decisions are made by senior management and approved by the Board as required. The Corporation is thus closely connected with the Ministry, its senior management being members of the Real Estate Wing.

Besides the Ontario Land Corporation Act, general legislation which determines the conduct of the Corporation includes the Housing Development Act, the Financial Administration Act, the Supply Act and the National Housing Act.

Recommendations

In the course of the Committee's review of the Ontario Land Corporation, the Corporation outlined its new five-year corporate plan which consists of a program for the accelerated sale to the general public of its land and first mortgage portfolios, and the transfer of its remaining properties to the Ministry of Government Services. The Corporation assured the Committee that these sales were being conducted in a planned and business-like manner. Moreover, it is the intention of the Corporation to sell its properties at not less than present market value and, in order not to depress land values generally in the area, these sales will be conducted gradually.

The Committee is in general agreement with the plan proposed by the Corporation.

The Committee, however, has some concerns with respect to those lands which can be characterized as having "non-residential" use, that is, principally farm land. The Committee is apprehensive that the Corporation may sell such land in very large blocks, blocks that would not be comparable to the size of properties in the areas where the land is sold. If such a course of action were followed, the Committee envisages the possibility of an adverse affect on the local real estate market. If the Corporation sold a large block of land at less than current market prices, this could depress the land values in that area, creating financial hardship for local farmers who might find their land undervalued. Moreover, the Committee believes that the Corporation should bring on the market small parcels of land in any given year, rather than large blocks. The Corporation, therefore, is being asked by the Committee to be sensitive to local market conditions in order that farmers are not undercut by the Corporation's sale of its properties.

Your Committee, therefore, recommends that:

22. The Ontario Land Corporation include in its sale plan an upper limit on the size of farm land it sells in a given area, the size being directly related to local market conditions, and that such sales be limited in number in any given year.

The Committee also discussed with the representatives of the Corporation the problems that may arise from the sale of those properties that are located in depressed markets. Concern was expressed that such lands would be susceptible to speculation since the Corporation is being forced to sell them at low prices. Corporation executives assured the Committee that it had carefully considered the likelihood that speculators might purchase these properties and considered the prospect unlikely.

The Corporation also owns properties that are located in areas of the province that are experiencing a "speculative" boom. The Committee expressed its concern that the sale of these properties should be accomplished in such a way as to protect ordinary buyers from a price inflation caused by real estate speculation. The Committee believes that the solution should be the incorporation of "anti-flip" clauses in sales contracts. This procedure would ensure that speculators would be deterred from buying properties cheaply and selling dearly within a short time period.

Your Committee, therefore, recommends that:

23. The properties of the Ontario Land Corporation located in "speculative" markets should be sold with "anti-flip" clauses in the sales contracts in order to protect consumers from price increases that are the result of real estate speculation.

The Committee is also concerned with how the sale of Corporation lands will affect the municipalities in which these lands are sold. It is conceivable that municipalities may have various uses for the land. For them to give consideration to how they could use that land,

municipalities would have to be consulted well ahead of the time the lands come on the market. The Committee is of the opinion that the Corporation should consult with municipalities and that when the lands do come on the market municipalities be given the first right of refusal.

Your Committee, therefore, recommends that:

24. **The Ontario Land Corporation consult with municipalities as to the sale of its lands prior to the marketing of such lands and that municipalities be given first right of refusal.**

Further to the impact of the sale of Corporation properties to municipalities, the Committee is concerned that the transfer of these properties to the Ministry of Government Services may lead to some financial losses for municipalities in which these properties are located. Such losses are possible because while the Corporation pays municipalities full grants in lieu of taxes on all its land holdings, the Ministry of Government Services does not. As has been pointed out, it is the plan of the Government to transfer the Corporation's properties to the Ministry of Government Services. Thus, when this transfer takes place municipalities could incur a significant loss of revenue. The Committee is of the strong opinion that municipalities should not be subject to this kind of treatment, since in a period of restraint they must continue to receive all revenues. More specifically, the Committee believes that the Ministry of Government Services consult with the affected municipalities on the best method of establishing full grants in lieu of taxes, and that consideration be given to tying the grants to the local mill rate.

Your Committee, therefore, recommends that:

25. **The Ministry of Government Services, when it takes responsibility for the sale of the lands of the Ontario Land Corporation, should, after consultation with affected municipalities, continue to pay full grants in lieu of taxes.**

In view of the fact that the properties of the Ontario Land Corporation will soon be transferred to the jurisdiction of the Ministry of Government Services when the operations of the Corporation are terminated, the Committee is concerned that its recommendations may not be taken up by the Corporation. The Committee believes that the change of responsibility for these lands should not lead the Ministry of Government Services to dismiss the Committee's recommendations.

Your Committee, therefore, recommends that:

26. The Ministry of Government Services, when it takes jurisdiction over the properties of the Ontario Land Corporation, should adopt the recommendations that the Committee directed at the Ontario Land Corporation.

ONTARIO LOTTERY CORPORATION

The principal motive for the creation of the Lottery Corporation was to generate revenue for the Ontario Government by tapping the discretionary income of consumers. That Ontario entered the field in 1975 was due to the fact that not only were there foreign lotteries operating in Ontario, but also several levels of government in Canada had entered the field or were considering entering the field. There was, therefore, the prospect that substantial sums of money had and would continue to leave the province.

The Ontario Lottery Corporation was established in 1975 "to develop, undertake, organize, conduct and manage lottery schemes" on behalf of the Government of Ontario and in conjunction with the governments of the Canadian provinces. The Corporation is a Schedule II operational agency. These agencies are established to carry out an aspect of public policy, but have a commercial orientation. They are completely funded from the revenue generated by their programs, goods and services. In addition, Schedule II agencies manage their own administrative support staff and appoint staff under the authority of their own Act.

The Ontario Lottery Corporation Act states that the objects of the Corporation are three:

- (a) to develop, undertake, organize, conduct and manage lottery schemes on behalf of Her Majesty in right of Ontario;
- (b) where authorized by the Lieutenant Governor in Council, to enter into agreements to develop, undertake, organize, conduct and manage lottery schemes on behalf of or in conjunction with the Government of Canada or the government of one or more of the other provinces of Canada;
- (c) to do such other things as the Lieutenant Governor in Council may require from time to time.

As a Crown Corporation without share capital, the Ontario Lottery Corporation is structured and operated as a business organization. Its profits are derived from the sale of lottery tickets and turned over to the government. The Corporation's Board of Directors has nine members, appointed by the Lieutenant Governor in Council.

The Board met 12 times in 1985. Its members are paid the following per diem: Chairman: \$125; Vice-Chairman: \$120; and Director: \$105

The Corporation employs 238 people in its five divisions. Each of these divisions is managed by a Vice-President. The Operations Division is responsible for the actual operation of lottery draws and the awarding of prizes. The Computer Services Division deals with the day-to-day functioning of the on-line games and administrative needs in the areas of accounting, sales analysis, prize redemptions and communications.

The Corporation's Marketing Division monitors existing games and designs new ones. It is also responsible for the advertising support for lottery games.

The Sales and Distribution Division ensures that adequate supplies of lottery tickets are available throughout the province. Its Distribution Department monitors daily sales and provides advice and expertise to retailers.

The Corporation also has a Corporate Communications Division to answer consumer inquiries and provide information to the media.

The Corporation presently operates six lottery games. Wintario (since 1975), Lottario (since 1978), and Instant (since 1984) are games of the Ontario Lottery Corporation. Provincial (since 1976), Super Loto (since 1980), and Lotto 6/49 (since 1982) are games of the Inter-provincial

Lottery Corporation. The Ontario Lottery Corporation is the sole agent of the Inter-provincial, and all profits from Inter-provincial Lottery Ticket Sales in Ontario go to the Corporation.

The Inter-provincial Lottery Corporation operates lottery games on behalf of the following regional marketing organizations: the Atlantic Lottery Corporation, la Société des loteries et courses du Québec (Loto Quebec), the Ontario Lottery Corporation, the Western Canada Lottery Corporation, and the British Columbia Lottery Corporation. Its tickets are sold to the various regional lottery corporations, and they keep all profits generated by the sale of these tickets.

The Ontario Lottery Corporation distributes products via a province-wide network of 47 distributors. These distributors are independent business operators and are required to meet the Corporation's business and financial standards. The Corporation monitors its distributors and, in the event of unsatisfactory performance, may terminate the distribution agreement. The distributors are essentially wholesalers who distribute the Corporation's tickets to a network of 14,000 independent retailers. These retailers include barbershops, gas stations, convenience stores, restaurants and newsstands. About 3,500 of these retailers are equipped with the on-line terminals necessary for selling Lottario and Lotto 6/49 tickets. Both the distributors and the retailers receive a commission for each ticket sold.

The Lottery Corporation is a financially self-supporting agency which covers its operating and administrative expenditures from the proceeds that arise from the sale of lottery tickets. Sales from lottery tickets in the year ending March 1986 totalled \$ 1 billion. In 1985-86, the Corporation achieved a net profit of \$317 million. (Since its establishment in 1975 to the end of March 1986, the Corporation has produced a total net profit of \$1.64 billion.) The Corporation paid out \$511.9 million in prizes, \$75.4 million in commissions, \$82.1 million in operating expenses, and \$25.7 million to the federal government.

The Corporation does not use the services of any government ministry.

Lottery proceeds are not a guaranteed source of revenue for the government. The monies thus generated are therefore dedicated to projects not normally eligible for government funding.

The Ontario Lottery Corporation Act states that the profits shall be used as follows:

The net profits of the Corporation after provision for prizes and the payment of expenses of operations shall be paid into the Consolidated Revenue Fund at such time and in such manner as the Lieutenant Governor in Council may direct, to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor.

Bill 38, An Act to amend the Lottery Corporation Act, received 1st reading on May 13, 1986. It would amend the above section of the Ontario Lottery Corporation Act as follows:

Section 9 of the Ontario Lottery Corporation Act, being chapter 344 of the Revised Statutes of Ontario, 1980, is amended by striking out "to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor" in the fifth, sixth and seventh lines.

The profits generated by the Wintario, Lottario, and Instant games are presently dedicated to physical fitness, sports, cultural and recreational activities in Ontario. These funds are distributed through the ministries of Tourism and Recreation and Citizenship and Culture.

The profits generated by the Provincial, Super Loto and Lotto 6/49 were dedicated to health and environmentally-related health research and hospital capital projects. Order-in-Council No. O.C. 1447/86 removed the specific dedication of these monies. These funds are distributed through the Ministries of Health, Labour, Environment, and the Attorney General.

In addition to the above methods of distributing lottery profits, the Trillium Foundation receives annually a share of the lottery profits. The Foundation was created in 1982 to provide funding for voluntary social service organizations. By the end of the 1984–85 fiscal year, the Foundation had approved grants totalling \$46.7 million.

The Ontario Lottery Corporation is a Schedule II agency which operates at arm's length from the government. The Corporation is required by the Ontario Lottery Corporation Act to make annually a report to the Minister designated to administer the Act.

The Corporation's Memorandum of Understanding with the Minister requires the Chairman and President to meet with the Minister at least quarterly to discuss the affairs of the Corporation. The Corporation is required to submit for the approval of the Minister of Tourism and Recreation the establishment of new games and revisions to existing games, proposals for joint lottery schemes with any other parties and any changes in policy which significantly affect the operations of the Corporation.

Advertising contracts are co-ordinated through the Advertising Review Board. The Lottery Commitment Control Committee, consisting of staff representatives of the Ministries of Tourism and Recreation, Citizenship and Culture, and Treasury and Economics and of Management Board Secretariat, receives actual and forecasted revenue figures to assist in determining grant commitment levels. The Ministry of Treasury and Economics is notified of each deposit of profits.

The Corporation is reviewed on an ongoing basis by the Provincial Auditor, external private auditors and internal audit services. Internal audit reports are reviewed regularly by the audit subcommittee of the Board.

In accordance with section 11 of the Ontario Lottery Corporation Act, the accounts and financial transactions of the Corporation are audited annually by the Provincial Auditor. The Auditor's findings, as well as the audited financial statements are submitted to the Minister and the

Corporation. The Corporation's audited financial statements appear in its Annual Report and in the Ontario Public Accounts.

Under section 25(7) of the Manual of Administration, all operational agencies established after March 12, 1980, are subject to sunset review. This does not apply to the Ontario Lottery Corporation.

Recommendations

The Ontario Government's original intention in establishing the Ontario Lottery Corporation was to keep the money being spent on lottery tickets by Ontario consumers in the Ontario economy. The reasoning behind this was that if Ontarians were going to buy lottery tickets, the profits from the sale of such tickets would be best kept in the province. It was never the intention of the Government or the Corporation to promote gambling or encourage a gambling ethic. Nevertheless, the growth in Ontario of both the number of lotteries and the volume of tickets purchased have raised concerns that the Corporation is now implicitly encouraging consumers to believe that gambling is a legitimate and pleasurable activity.

The Committee voiced these concerns to the executives of the Corporation. Their response was that the Corporation takes very seriously its social responsibilities in this area. Their marketing strategy has been to emphasize the entertainment value of playing the lotteries. Their advertising policy is to neither encourage overspending nor to show players winning large sums of money, and thereby encourage unrealistic expectations. The Corporation's representatives also pointed out that they have reduced advertising expenditures, and their percentage of sales that are returned in prizes is the highest of all Canada's lottery corporations.

One issue that was of special concern to the Committee was the effect the periodically huge jackpots of the Lotto 6/49 had on encouraging massive consumer spending. The grand prize of the 6/49 accumulates week by week until there is a winner. It has at times reached amounts

well in excess of \$10 million. The effect of this has been that a kind of "gold rush" spirit is fostered. Lotto 6/49 is one of the three Inter-provincial Lottery Corporation lotteries marketed by the Corporation. Changes to the structure of the Lotto 6/49 can only be made by the Inter-provincial Lottery Corporation. The Ontario Lottery Corporation, which is a member of the Board of the ILC, has attempted to have a five million dollar cap placed on the 6/49 grand prize. They have so far been unsuccessful.

Those provinces which have not had winners of huge jackpots are not as inclined to see the jackpot capped. The Committee's opinion is that the Ontario Lottery Corporation should continue to press its case for such a cap.

Your Committee, therefore, recommends that:

27. The Ontario Lottery Corporation should continue to pursue vigorously a policy of persuading the Inter-provincial Lottery Corporation to place a cap of five million dollars on the Lotto 6/49 grand prize.

The Committee recognizes that there is no financial incentive for the other provincial lottery corporations to agree to such a cap. This would suggest that the direction for such a change may well have to come from the various provincial governments.

Your Committee, therefore, recommends that:

28. The Minister of Tourism and Recreation should meet with the ministers responsible for lotteries in the other provinces for the purpose of negotiating with them when and how high a cap will be placed on the Lotto 6/49 grand prize.

As stated previously in this Report, the Lottery Corporation has no control over the disposition of its profits. Those profits are turned over to the Treasurer on a regular basis. Under the provisions of the Ontario Lottery Corporation Act, those profits are to be "paid into the

Consolidated Revenue Fund." The Act also stipulates that these profits are "to be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities therefor." Bill 38, Ontario Lottery Corporation Amendment Act, 1986, will repeal, if passed, the section of the Act quoted in the sentence previous. The Committee discussed the implications of this proposed amendment with the Minister of Tourism and Recreation and officials of the Lottery Corporation. The Committee expressed its concerns that the proposed amendment could lead to a reduction in the amount of money now provided for physical fitness, sports, recreational and cultural facilities. The Committee believes that the removal of the clause dedicating lottery profits to certain kinds of projects may lead to increased competition for those funds, and that the groups which previously received lottery monies will now be given a lower priority.

Your Committee, therefore, recommends that:

29. The Treasurer of Ontario should ensure that as the Ontario Lottery Corporation Act states, profits from the Lottery Corporation should be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities.

The Committee also discussed the possible implications of Bill 38 with officials of the Lottery Corporation. It questioned those officials on how they thought the amendment of the Ontario Lottery Corporation Act might affect consumers. The President of the Corporation stated that he could not comment on government policy concerning the disposal of lottery profits. He told the Committee that research has shown that winning a prize is the primary motivation of ticket buyers. But he also observed that there are far more people who do not win prizes than do, and those people take comfort from the knowledge that the lottery profits go to good causes. It is thus helpful to the Lottery Corporation if they can tell ticket buyers where the profits have gone.

Your Committee, therefore, recommends that:

30. The Treasurer should provide on a yearly basis to the Ontario Lottery Corporation a list of the projects funded with the Corporation's profits for the purpose of allowing ticket buyers to know how lottery profits are disposed.

The Committee discussed with the Corporation the expansion and modernization of the Corporation's computerized sales terminals. The Corporation now has 13,000 retailers who sell tickets for the "passive" lottery games. Of those, 3,500 have computer terminals for the purpose of selling tickets on the "active" games, which are games where the buyer selects the numbers. The Corporation's expansion program will bring this number up to 5,000 by the end of the 1987-88 fiscal year. Their goal is to ensure that no one will have to drive more than 10 kilometers to a terminal. This will ensure easy access for those consumers living in rural areas. The Committee expressed its concern that at present businesses located in small, rural communities suffer because consumers travel to larger centres to buy tickets, and, while there, will do their other shopping. Businesses located in small communities without computerized lottery ticket facilities are being put at a significant disadvantage.

Your Committee, therefore, recommends that:

31. The Ontario Lottery Corporation accelerate where possible its program for expanding its computerized sales facilities, and that it give priority to small communities.

The Ontario Lottery Corporation announced recently that it is to be relocated in Sault Ste. Marie. The Committee discussed with the Corporation what effects this move could have on its operations and its employees. The President of the Corporation stated that every employee will be asked and invited to move to Sault Ste. Marie. He assured the Committee that the Corporation is working on a "fair and equitable arrangement" for those employees who are either unable or

unwilling to move. Employment in the civil service cannot be guaranteed to these employees because Corporation employees are not civil servants. These employees do, however, have the right to bid on restricted civil service positions. The President stated that the Corporation believes that the number of employees not making the move will be small. The Corporation will provide a counselling service that will be active in helping these employees find jobs. The Committee was generally satisfied with the Corporation's response on this matter, but it expressed its concerns that these measures may prove inadequate in ensuring that no employee of the Corporation is left unemployed as a result of the move to Sault Ste. Marie.

Your Committee, therefore, recommends that:

32. The Ontario Lottery Corporation set up a special committee, the purpose of which is to deal with any cases of Corporation employees who will be unemployed as a result of the Corporation's relocation in Sault Ste. Marie.

III. SUMMARY OF RECOMMENDATIONS

1. The Ministry of Citizenship and Culture establish funding and staffing levels for the Advisory Council on Multiculturalism and Citizenship appropriate to the size of the Council, its operating structures and its mandate.
2. The Ministry of Citizenship and Culture establish a separate Vote and Item in its yearly Estimates for the Advisory Council on Multiculturalism and Citizenship.
3. The Ministry of Citizenship and Culture make every effort to maintain an arms' length relationship with the Advisory Council on Multiculturalism and Citizenship and ensure that Council offices are separate from Ministry offices.
4. The President of the Advisory Council on Multiculturalism and Citizenship be made a full-time position with an appropriate level of remuneration.
5. The Advisory Council on Multiculturalism and Citizenship make greater efforts in establishing contacts with Ontario's ethnocultural groups.
6. The Advisory Council on Multiculturalism and Citizenship establish a closer consultative role with the Ministry of Citizenship and Culture and through it with other ministries of the Government of Ontario; and that ministries initiate consultations with the Council with respect to issues of concern to the Council.
7. The Ministry of Citizenship and Culture establish a timely and quick procedure for responding to the Advisory Council on Multiculturalism and Citizenship's recommendations.
8. The Ministry of Citizenship and Culture ensure an orderly appointment of members, including the President, to the Advisory Council on Multiculturalism and Citizenship.
9. The Government of Ontario express in legislation the meaning of multiculturalism in Ontario.
10. The Ministry of Citizenship and Culture, when making appointments to the Advisory Council on Multiculturalism and Citizenship, ensure a broad representation of members from across the province.

11. The Ontario arts community continue to receive money from lottery funds on the same basis as in the past, namely as stipulated in the Ontario Lottery Corporation Act, for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities.
12. The Ontario Arts Council ensure that its grant recipients be precise when recording their place of residence and distinguish between the City of Toronto and communities in the greater Toronto area.
13. The Ontario Development Corporations seek to set for loans written off the target of one percent, but that for Northern and Eastern Ontario the existing loan write-off record of three percent is appropriate.
14. The annual financial statements of the Ontario Development Corporation, the Northern Ontario Development Corporation and the Eastern Ontario Development Corporation clearly present the actual amount of loans written off each year.
15. The Ontario Development Corporations introduce state-of-the-art information systems to improve operational performance and efficiency.
16. The Ontario Development Corporations increase the number of regional offices, particularly in Northern and Eastern Ontario.
17. The Ontario Development Corporations institute procedures to streamline the way the corporations deal with loans over their life-cycle.
18. The Ontario Development Corporations consider the expansion of industrial parks, particularly in Northern and Eastern Ontario.
19. The Ontario Development Corporations should provide loans to the small business service sector that provides support to various business activities.
20. The Ontario Development Corporations undertake analyses and studies to ascertain the development potential of designated regions and communities of Ontario, and that these studies be made available to the public.
21. The Ontario Development Corporations seek a method whereby loans taken out in several different years can be amalgamated.

22. The Ontario Land Corporation include in its sale plan an upper limit on the size of farm land it sells in a given area, the size being directly related to local market conditions, and that such sales be limited in number in any given year.
23. The properties of the Ontario Land Corporation located in "speculative" markets should be sold with "anti-flip" clauses in the sales contracts in order to protect consumers from price increases that are the result of real estate speculation.
24. The Ontario Land Corporation consult with municipalities as to the sale of its lands prior to the marketing of such lands and that municipalities be given first right of refusal.
25. The Ministry of Government Services, when it takes responsibility for the sale of the lands of the Ontario Land Corporation, should, after consultation with affected municipalities, continue to pay full grants in lieu of taxes.
26. The Ministry of Government Services, when it takes jurisdiction over the properties of the Ontario Land Corporation, should adopt the recommendations that the Committee directed at the Ontario Land Corporation.
27. The Ontario Lottery Corporation should continue to pursue vigorously a policy of persuading the Inter-provincial Lottery Corporation to place a cap of five million dollars on the Lotto 6/49 grand prize.
28. The Minister of Tourism and Recreation should meet with the ministers responsible for lotteries in the other provinces for the purpose of negotiating with them when and how high a cap will be placed on the Lotto 6/49 grand prize.
29. The Treasurer of Ontario should ensure that as the Ontario Lottery Corporation Act states, profits from the Lottery Corporation should be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities.
30. The Treasurer should provide on a yearly basis to the Ontario Lottery Corporation a list of the projects funded with the Corporation's profits for the purpose of allowing ticket buyers to know how lottery profits are disposed.

31. The Ontario Lottery Corporation accelerate where possible its program for expanding its computerized sales facilities, and that it give priority to small communities.
32. The Ontario Lottery Corporation set up a special committee, the purpose of which is to deal with any cases of Corporation employees who will be unemployed as a result of the Corporation's relocation in Sault Ste. Marie.

IV. RESPONSES TO THE ELEVENTH REPORT
OF THE STANDING COMMITTEE ON PROCEDURAL
AFFAIRS AND AGENCIES, BOARDS AND COMMISSIONS

It was the practice of the Standing Committee on Procedural Affairs and Agencies, Boards and Commissions to follow up its recommendations by asking the ministers responsible for the particular agencies reviewed by that Committee to respond to its recommendations. The Standing Committee on Government Agencies has decided to follow this practice in the future. The Standing Committee on Procedural Affairs and Agencies, Boards and Commissions reviewed the following agencies during the summer of 1985.

James Bay Education Centre
Old Fort William Advisory Committee
Minaki Lodge Resort Limited and
Minaki Development Company Limited
Ontario Stock Yards Board
Metropolitan Toronto Convention Centre
Corporation Board of Directors
Ontario Human Rights Commission
Ontario Economic Council
Toronto Stock Exchange Board of Directors
Board of Management of the Guild
Canadian National Exhibition Association

To date, the Committee has received responses with respect to the following agencies: James Bay Education Centre, Minaki Lodge Resort Limited, and the Ontario Economic Council.

With respect to the James Bay Education Centre, the Deputy Minister of the Ministry of Northern Development and Mines responded, in a letter dated August 6, 1986, as follows, to the Committee's recommendations:

Recommendation

The Ministry of Colleges and Universities devise a new funding formula for the James Bay Education Centre in conjunction with Northern College of Applied Arts and Technology.

The Deputy Minister indicated that the Ministry of Northern Development and Mines supports this idea in principle though the matter rests with the Ministry of Colleges and Universities.

Recommendation

The Ministry of Colleges and Universities undertake to devise retraining and apprenticeship programs suited to the particular needs of the native peoples and that such programs be recognized by a certificate to enable the graduates to work in the James Bay area.

The Deputy Minister indicated that the Ministry of Northern Development and Mines supports this idea in principle though the matter rests with the Ministry of Colleges and Universities.

Recommendation

The Ministry of Northern Development and Mines establish a formal committee composed of the ministries having responsibility in the James Bay area, along with the Board of Governors of the James Bay Education Centre and the Board of Governors of Northern College of Applied Arts and Technology. The Committee's mandate would be to coordinate policies and programs effecting the James Bay area.

The Deputy Minister stated that the Ministry of Northern Development and Mines questioned "whether it is necessary to formally establish a committee composed of various ministries and local interests as proposed by the Standing Committee." The Deputy Minister goes on to indicate that the Ministry by its nature is involved in co-ordinating various matters. The Deputy Minister concluded by saying:

With respect to points in the text regarding regular visitation by the Deputy, I should note that a number of senior staff from this Ministry are frequently in the area. Visits are arranged as need arises and the number of visits far surpasses those numbers recommended. Consequently, I again question the need for formalizing such matters.

With respect to Minaki Lodge Resorts Limited, the Minister of Tourism and Recreation, on September 22, 1986, responded as follows to the Committee's recommendations:

Recommendation

The Board of Directors of Minaki Lodge Resort Limited ensure that public money be used only for necessary repairs and maintenance and that no major capital expenditures be authorized by the Ministry of Tourism and Recreation.

In response the Minister stated:

The New Board of Directors of Minaki Lodge Resort Limited subscribes to this recommendation. The Board substantially cut the 1986 capital budget originally prepared by the Lodge's management, the Radisson Hotel Corporation. During 1984 and 1985, tests by the Ministry of the Environment revealed an imperative need for both an upgrading and a relocation of the Lodge's sewage treatment plant. This work is being completed in 1986 for an expenditure amounting to less than half of the estimated cost referred to in the Report.

Recommendation

The Ministry of Tourism and Recreation in conjunction with the Board of Directors of Minaki Lodge Resort Limited make every effort to sell the company, after it has established financial viability.

The Minister responded as follows:

The Board is confident the Lodge can achieve a fully self-financing status within a very few years, and has been dedicated in working towards this end. As the Report notes, this Recommendation is being reviewed by the Special Advisory Group on Crown Corporations. The Special Advisory Group has worked closely with the Board and Ministry staff in developing a plan to successfully sell the lodge to the private sector. Proposals from prospective purchasers have been solicited and will be reviewed by the Special Advisory Group. As the selection

process proceeds, formal offers to purchase will be reviewed during September by the Board and the Special Advisory Group.

With respect to the Ontario Economic Council, the Treasurer responded on January 22, 1986 to the Committee's recommendations.

Recommendation

The Ontario Economic Council initiate policy studies, which have short-term implications for the province, and that such studies reflect the diversity of Ontario public opinion.

Recommendation

The Ontario Economic Council seek private sector funding for its studies.

The Treasurer responded as follows:

As you know, I announced the decision to phase out the Ontario Economic Council in my October budget.

The administrative actions necessary to fulfill the commitments of the Council and the relocation of the staff will be completed by the end of the fiscal year and the House was given first reading to the Bill to repeal the Economic Council Act.

APPENDIX A

Standing Committee on Government Agencies

Terms of Reference

Standing Order 90 (f)

Standing Committee on Government Agencies which is empowered to review and report to the House its observations, opinions and recommendations on the operation of all agencies, boards and commissions to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations to which the Crown in right of Ontario is a majority shareholder, such reviews to be made with a view to reducing possible redundancy and overlapping, improving the accountability of agencies, rationalizing the functions of the agencies, identifying those agencies or parts of agencies which could be subject to sunset provisions, and revising the mandates and roles of agencies.

APPENDIX B

Standing Committee on Government Agencies

Witnesses

Ontario Development Corporation:

David MacKinnon
Executive Director and
Chief Executive Officer

Douglas Johnson
Acting Chairman

William Copfer
Manager
Financial Services

John Mitchell
Director
Loan Applications Branch

Kaye MacMillan
Director
Loan Administration Branch

David Goodyear
Public Relations Officer

Ontario Land Corporation:

Jean C. Paradis
Director on the Board of Directors

R.W. Riggs
Vice-Chairman and Chief Executive Officer

A.C. Beattie
Director, Planning and Development

P.B. Johansen
Director, Marketing and Sales

D. Haley
Director, Land Operations

R. Grant
Director, Mortgage Administration and Services

M. Elkin
Corporate Controller

D.W. Kusel
Manager, Corporate Planning

Ministry of Housing:
Ward Cornell
Deputy Minister

Ministry of Industry, Trade and Technology:
J. David Girvin
Assistant Deputy Minister
Industry

Ontario Arts Council:
Sonja Koerner
Chair

N. Stewart
Vice-Chair

E. Del Zotto
Chairman, Finance Committee

R. Sirman
Director, Operations

R. Evans
Director, Special Projects

W. Pitman
Executive Director

B. Ivey
Chair
To Know Ourselves Committee

G. Creech
Music Officer

J. Gouin
Film/Photo/Video Officer

Mary Jolliffe
Director of Communications

Val Frith
Literature Officer

Ontario Lottery Corporation:

D. Norman Morris
President

Adam J. Hawkins
Executive Vice-President

Kathy Petrik
Vice-President
Corporate Communications

Walter Stothers
Chairman
Ontario Lottery Corporation Board

Ministry of Tourism and Recreation:

The Honourable John Eakins, M.P.P.
Minister of Tourism and Recreation

Ontario Advisory Council on Multiculturalism and
Citizenship:

S.W. Frolick, Q.C.
President

Hanny Hassan, P. Eng.
Vice-President

Mila Velshi
Vice-President

Prof. Philip Alexander
Convenor of the South West Regional Committee

Phyllis Rowe
Administrative Assistant

Ministry of Citizenship and Culture:

The Honourable Lily Munro, M.P.P.
Minister of Citizenship and Culture

APPENDIX C

Agencies, Boards and Commissions reviewed to date

| | |
|--------------------------------------|--|
| 1st Review: (9 November 1978) | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation Board of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
| 2nd Review: (3 December 1979) | Ontario Research Foundation Ontario Telephone Service Commission Ontario Housing Corporation Ontario Food Terminal Ontario Council of Health Ontario Municipal Board |
| 3rd Review: (2 December 1980) | Ontario Educational Communications Authority Ontario Lottery Corporation Board of Ophthalmic Dispensers Ontario Labour Relations Board Ontario Northland Transportation Liquor Control Board of Ontario |
| 4th Review: (19 November 1981) | Ontario Racing Commission Ontario Hockey Development Committee Farm Pollution Advisory Committee Ontario Place Corporation |
| 5th Review: (11 May 1982) | Ontario Board of Censors Ontario Energy Board Ontario Police Commission Toronto Area Transit Operating Authority |
| 6th Review: (7 December 1982) | Art Gallery of Ontario Civil Service Commission Commission on Election Contributions and Expenses Ontario Mortgage Corporation Wolf Damage Assessment Board |
| 7th Review: (15 December 1983) | Criminal Injuries Compensation Board The Law Society of Upper Canada Ontario Cancer Treatment and Research Foundation Ontario Manpower Commission Ontario Status of Women Council |

- 8th Review:
(21 June
1984)
- Alcohol and Drug Addiction Research Foundation
 - Board of Funeral Services
 - Board of Parole
 - Board of Visitors of Homewood Sanitarium, Guelph
 - Crop Insurance Commission of Ontario
 - Game and Fish Hearing Board
 - IDEA Corporation
 - Nursing Homes Review Board
 - Social Assistance Review Board
- 9th Review:
(19 November
1984)
- Animal Care Review Board
 - Children's Services Review Board
 - Niagara Parks Commission
 - Niagara Falls Bridge Commission
 - Ontario International Corporation
 - Ontario Junior Farmer Establishment Loan Corporation
- 10th Review:
(25 September
1985)
- Assessment Review Board
 - Fire Code Commission
 - Geo-science Research Review Commission
 - Health Disciplines Board
 - Languages of Instruction Commission of Ontario
 - License Suspension Review Board
 - Liquor License Board of Ontario
 - Ontario Drainage Tribunal
 - Selection Panel (Ontario Graduate Scholarships)
 - Travel Industry Compensation Fund Board of Trustees
- 11th Review:
(7 January
1986)
- Canadian National Exhibition Association
 - James Bay Education Centre
 - Board of Management of the Guild
 - Metropolitan Toronto Convention Centre Corporation Board of Directors
 - Minaki Lodge Resort Limited and Minaki Development Company Limited
 - Old Fort William Advisory Committee
 - Ontario Economic Council
 - Ontario Human Rights Commission
 - Ontario Stock Yards Board
 - Toronto Stock Exchange Board of Directors
- 12th Review:
- Ontario Advisory Council on Multiculturalism and Citizenship
 - Ontario Arts Council
 - Ontario Development Corporations
 - Ontario Land Corporation
 - Ontario Lottery Corporation





Standing Committee on Government Agencies

Report on Agencies, Boards
and Commissions (No. 13)

STANDING COMMITTEE ON
GOVERNMENT AGENCIES



COMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

LEGISLATIVE ASSEMBLY
ASSEMBLÉE LÉGISLATIVE

TORONTO, ONTARIO
M7A 1A2

Queen's Park
June 1987

The Honourable Hugh Edighoffer, M.P.P.,
Speaker of the Legislative Assembly.

Sir,

Your Standing Committee on Government Agencies has the
honour to present its Report and commends it to the
House.

A handwritten signature in cursive script, reading "Bud Gregory".

Bud Gregory, M.P.P.,
Chairman

STANDING COMMITTEE ON GOVERNMENT AGENCIES

MEMBERSHIP AS OF WEDNESDAY, 27 MAY 1987

BUD GREGORY
Chairman

RENE FONTAINE

MARGARET MARLAND

JIM FOULDS

ROBERT MITCHELL

PAT HAYES

CLAUDIO POLSINELLI

JACK JOHNSON
(Wellington-Dufferin-Peel)

EDWARD SARGENT

NICHOLAS LELUK

DAVID W. SMITH

Douglas Arnott
Clerk of the Committee

John Eichmanis
Research Officer

Patrick Malcolmson
Research Officer

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I. INTRODUCTION

Under Standing Order 90(f) the Standing Committee on Government Agencies is given the mandate to review the operation of all agencies, boards and commissions of the Government of Ontario. The Committee is empowered to make recommendations on such matters as the redundancy of agencies, their accountability, whether they should be sunsetted and whether their mandates and roles should be revised.¹

In accordance with its terms of reference, the Committee decided to review the operation of the following agencies:²

Agricultural Council of Ontario
Liquor Control Board of Ontario
Ontario Northland Transportation Commission
Pesticides Advisory Committee

During February 1987, the Committee conducted public hearings with respect to these agencies and heard testimony from the representatives of the agencies and the responsible ministry. The Committee wishes to express its appreciation to all the witnesses who presented their views.³ The Committee wishes to acknowledge the cooperation of the officials of the various ministries of the Government of Ontario and the agencies themselves.

In addition, the Committee urges ministers under whom these agencies fall to give serious and thoughtful consideration to the Committee's recommendations.

The Committee wishes to express its appreciation to the Clerk of the Committee and the Research Officers for their assistance and dedication to the work of the Committee.

¹See Appendix A for the complete text of S.O. 90(f).

²See Appendix C for a list of agencies reviewed by the Committee since 1978.

³See Appendix B for a list of witnesses who appeared before the Committee.

The recommendations contained in this report represent a consensus of opinion rather than complete agreement on every issue that was before the Committee. While each member of the Committee may not agree with every recommendation, your Committee is pleased to present a report that each member can support.

II. AGENCY REVIEW

AGRICULTURAL COUNCIL OF ONTARIO

The Agricultural Council of Ontario was created in May 1984 by Order in Council OC 1404/84 pursuant to section 5 of the Ministry of Agriculture and Food Act.

The Order in Council establishing the Agricultural Council of Ontario states that the purpose of the Council is to provide a regular and independent channel of information and advice to the Minister from senior persons with expertise in practical aspects of agribusiness and consumerism. Moreover, the Council is to function as a knowledgeable and authoritative resource to which agricultural issues of longer-term impact can be referred for research and comment. At the same time, the Council is to provide a focus for information sources which are presently uncoordinated or ad hoc in nature. In carrying out its mandate, the Council has undertaken studies and recommendations with respect to the following issues and matters:

- (a) Section 178 of the Bank Act
- (b) Farm debt adjustment
- (c) Family Law and the Farm Community
- (d) Ontario Farm Family Interest Rate Reduction Program
- (e) Incomes of Farmers and their Families in Ontario
- (f) OSAP and the Farm Community
- (g) Agri-Mortgage

In addition to these completed studies, the Council has also prepared studies or comments on the following matters:

- (a) Severances and Right-To-Farm
- (b) Crop Insurance
- (c) Quota Policies
- (d) Emergency assistance for wet weather loss in 1986
- (e) Deficiency payments to grain and soil-seeds production

The Council is established consisting of not fewer than thirteen members appointed by the Lieutenant Governor in Council, one of whom is designated as Chairman. As well, a deputy Chairman can be designated to act when the Chairman is absent. A majority of the members constitutes a quorum.

Each member is appointed for three years, though there can be a further appointment for another three years. No member can serve for more than six years.

Civil servants can be appointed to the Council. Those who are not civil servants receive a per diem. The Chairman receives \$200 and ordinary members \$113 plus out-of-pocket expenses.

The Council is permitted to establish committees with the approval of the Minister, but no committee can have more than ten members.

Staff of the Council can be drawn from the Ontario public service or hired on a contract basis. In 1985-86 there were two full-time staff, four contract consultants, and a clerk.

The Council is also given authority to appoint from time to time persons with special expertise to assist the Council.

The Council is required to report annually to the Minister of Agriculture and Food on any matter requested by the Minister.

The funding for the Council is drawn from the Ministry. In 1984-85 the Council's expenditures were \$182,000 while in 1985-86 they were \$218,000. Not reflected in these figures are expenses paid by the Ministry with respect to office space, postage and photocopying.

As an advisory body the Council operates at the behest of the Minister of Agriculture and Food, performing such duties as are assigned to the Council by the Minister.

The Council, as part of the Ministry of Agriculture and Food, can be audited by the Provincial Auditor or internal ministry auditors.

When the Council was created in 1984, the Order in Council stipulated that the Council would terminate three years after the date of the Order in Council (May 17, 1984) unless after a sunset review the mandate of the Council is extended. The Council, therefore, will be subject to a sunset review by May 17, 1987.

Recommendations

The Agricultural Council of Ontario was created in 1984 to act as an advisory body to the Minister of Agriculture and Food providing expertise on issues of concern to Ontario's farm community.

When representatives of the Council appeared before the Committee a lively discussion ensued on a range of issues affecting Ontario's farmers. Perhaps the most important problem facing farmers is their continuing financial vulnerability in the face of heavy debt loads and high interest rates. This credit squeeze has forced some farmers to sell their properties and, in the case of other farmers, to cut their profit margins in order to pay back outstanding bank loans. As well, some farmers have been forced to supplement their incomes by taking off-farm employment. This is occurring at a time when commodity prices have declined, in part the result of world-wide over-production of some commodities. Farming has increasingly become a high risk business requiring not only a large capital investment, but also technical, managerial and financial expertise. For many farmers economic viability has become precarious, in light of the vagaries of the domestic and international marketplaces.

In discussing these and related matters, the Committee has concluded that the Agricultural Council of Ontario has received a worthwhile mandate. There is a need for an "arms length" agency to study the long-term issues affecting Ontario's agricultural community. Farmers are more inclined to place confidence in the Council's reports knowing that the membership reflects the various segments of the agricultural community. Moreover, they will have confidence that the advice the Council provides the Minister of Agriculture and Food reflects the real concerns of Ontario's agricultural community and that the solutions offered to the Minister are practical and of benefit to Ontario farmers. The Committee, therefore, is of the opinion that the Council's mandate should be renewed.

Your Committee, therefore, recommends that:

1. **The Minister of Agriculture and Food renew the mandate of the Agricultural Council of Ontario for another three years.**

The Committee also raised a number of options that could alleviate some of the burdens Ontario farmers now face. One suggestion was to have the Ontario government provide credit support to banks which loan money to farmers. Some members of the Committee fear that with banks and other lending institutions having to write-off many farm loans, banks will be reluctant to give farmers loans in the future. The Committee feels that the Treasurer should devise an appropriate credit support program, instituted in cooperation with the banks, but ultimately aiding Ontario farmers.

Your Committee, therefore, recommends that:

2. **In order to aid Ontario farmers, the Treasurer of Ontario undertake to devise a credit support program to aid farmers to obtain future financial assistance.**

Another suggestion centered on severability of farm land. There is at present a consensus that the rules governing severability are too restrictive. Under these circumstances farmers are unable to increase their liquidity or net assets, and where they are under considerable financial pressure, they are forced to sell their property at the best price they can receive. This could mean, however, that land may no longer be in production and those that owned the land will leave farming altogether. This process of depopulation of the countryside is perhaps most prevalent in eastern and Northern Ontario where the land is marginal at best, though parts of southern Ontario may also feel the impact of this process. If the Ministry of Agriculture and Food and the local municipalities were to be more flexible with respect to severability, the sale of severed land could help to alleviate some farmers' financial difficulties.

Your Committee, therefore, recommends that:

3. **The Ministry of Agriculture and Food in cooperation with Ontario municipalities establish more flexible rules with respect to the severability of farm land.**

In discussing these and related issues with the representatives of the Agricultural Council of Ontario, it became evident to the Committee that the Ontario farm community is in the midst of major changes, resulting from both domestic and international pressures. International commodity prices have fallen sharply and there is no evidence that a rise can be expected in the near future. Moreover, Ontario farmers are susceptible to the vagaries of international money markets that set Canadian exchange rates, as well as to the unusually high interest rates. Depressed commodity prices and volatile financial markets have combined to make farming more precarious and less attractive. As already discussed, farmers have been forced to leave the land or take off-farm employment. The Committee believes that the Ministry of Agriculture and Food should initiate the development of a long-term agricultural strategy for Ontario. This development could be undertaken by the Agricultural Council of Ontario which has been given the mandate to research farm issues over the long-term. As part of the development of an agricultural strategy for Ontario, the Committee believes that consideration should be given to encouraging businesses to locate in smaller rural communities. Such a policy would provide necessary employment for farmers and would ensure that these communities remained viable. In other words, farmers would be less likely to leave farming altogether if they had the opportunity to supplement their farm income from off-farm employment.

The Committee recognizes that the suggestion encouraging the location of businesses in small rural communities is not the principal solution to the problems facing Ontario farmers. In fact, the Committee is cognizant that the problems are national and global in nature. In view of this, the Committee asks that the Ministry of Agriculture and Food, in addition to developing an agricultural strategy for Ontario, consult with its federal counterpart, as well as international authorities, in order to develop a Canadian agricultural strategy.

Your Committee, therefore, recommends that:

4. The Agricultural Council of Ontario, with the support of the Ministry of Agriculture and Food, undertake to prepare an agricultural strategy for Ontario, emphasizing the kind of policies and programs that could be introduced by the Government of Ontario to ensure the viability of Ontario's agricultural community.

Another issue of concern to the Committee was the impact that free trade would have on agriculture in Ontario, particularly on Ontario's supply management as established by various marketing boards. Representatives of the Council were apprehensive that this system of supply management will be part of the free trade bargaining trade-offs. While they could not be certain how free trade would affect all sectors of the agricultural community, it was likely that some producers would be more adversely affected than others.

Your Committee, therefore, recommends that:

5. The Government of Ontario give due attention to the impact free trade could have on all sectors of the Ontario agricultural community before considering any proposed free trade agreement between the United States of America and Canada.

Another matter that was raised by the Committee was the adverse publicity that Ontario farm products receive in the media. A great deal of public attention has been focussed on the possible health effects from the use of various chemicals and drugs used by farmers as part of their production process. The Committee's attention was drawn to the fact that such publicity does not accurately reflect the fact that Ontario regulations are far more stringent than comparable regulations in other jurisdictions. The Committee felt that this fact was not being adequately communicated to the general public, and that a way should be found to tell Ontario consumers that Ontario farm products are far freer from chemical contaminants than farm products that may be imported.

Your Committee, therefore recommends that:

6. The Ministry of Agriculture and Food communicate to the Ontario public the fact that Ontario farm produce is far safer to consume than produce from most other foreign jurisdictions.

LIQUOR CONTROL BOARD OF ONTARIO

The Liquor Control Board of Ontario was established in 1927 under the Liquor Control Act. The Board became a crown corporation in 1975, and today operates under the authority of the Liquor Control Act, R.S.O. 1980, c. 243 and the Wine Content Act, R.S.O. 1980, c. 534. The Liquor Control Act provides for the sale and distribution of liquor with respect to off-premise consumption, whereas the Liquor Licence Act, which establishes the Liquor Licence Board of Ontario, regulates on-premise consumption of alcohol. The Liquor Control Board is an operational, Schedule II agency and reports to the Legislature through the Ministry of Consumer and Commercial Relations.

The Liquor Control Board of Ontario is a crown corporation without share capital. Its function, broadly speaking, is to regulate the importation, distribution and sale of liquor in Ontario. Although not specified in the Act, the Board has two other objectives: to raise government revenue and to protect domestic producers of grapes, wines and, to a lesser extent, spirits. The former is a major and official objective. The latter, particularly as it applies to alcoholic products other than wine, can be construed as a tacit, unofficial policy. This policy is reflected in the Board's listing practices, mark-up policies, sales policy and the sale privileges granted to Ontario wineries.

The purpose and powers of the Board are set out in section 3 of the Liquor Control Act as follows:

- (a) to buy, import and have in its possession for sale, and to sell, liquor and other products containing alcohol and non-alcoholic beverages;
- (b) to control the sale, transportation and delivery of liquor;
- (c) to make provision for the maintenance of warehouses for liquor and to control the keeping in and delivery from any such warehouses;
- (d) to establish government stores for the sale of liquor to the public;

- (e) to authorize manufacturers of beer or Ontario wine to sell their beer or Ontario wine to the public in stores owned and operated by the manufacturers and to authorize Brewers' Warehousing Company Limited to operate stores for the sale of beer to the public;
- (f) to control and supervise the marketing methods and procedures of manufacturers including the operation of government stores by persons authorized under clause (e);
- (g) subject to the Liquor Licence Act, to determine the municipalities within which government stores shall be established or authorized and the location of such stores in such municipalities;
- (h) to determine the classes, varieties and brands of liquor to be kept for sale at government stores and maintain standards therefor;
- (i) to fix the prices at which the various classes, varieties and brands of liquor are to be sold and, except in the case of liquor sold through an outlet designated by the Minister of National Revenue under the Excise Act (Canada) as a duty free sales outlet, such prices shall be the same at all government stores;
- (j) to determine the nature, form and capacity of all packages to be used for containing liquor to be kept or sold;
- (k) to appoint one or more vendors of sacramental wines in any municipality and to control the keeping for sale, sale and delivery of sacramental wines;
- (l) to lease or, subject to the approval of the Lieutenant Governor in Council, to purchase such land and buildings and erect such buildings as are necessary for the purposes of the Board;
- (m) to require manufacturers of liquor to furnish such samples of their products to the Board as the Board may require;
- (n) to do all things necessary for the management and operation of the Board in the conduct of its business.

In addition, section 8 of the Act gives the Lieutenant Governor in Council the power to make regulations.

- (a) governing the sale and distribution of liquor by manufacturers;
- (b) governing the manner in which liquor may be kept, stored or transported by manufacturers;
- (c) prescribing standards for liquor sold in Ontario by manufacturers;
- (d) prescribing the days and hours when government stores or any class of them may be open;
- (e) requiring manufacturers to furnish the Board with such returns and information respecting the sale of liquor as is prescribed;
- (f) prescribing forms for the purposes of this Act and providing for their use;
- (g) governing the purchase of liquor under a permit issued by the Liquor Licence Board and requiring the payment of fees on such purchases and prescribing the amounts thereof.

The Liquor Control Act stipulates that the membership of the governing board "shall consist of not more than five members appointed by the Lieutenant Governor in Council." One of those members will be designated Chairman of the Board, and another will be designated Vice-Chairman. The Board members shall not hold office for a term exceeding five years but can be reappointed for further succeeding five-year terms. The Board met four times in each of 1984, 1985 and 1986.

The Board has three Executive Vice-Presidents in charge of administration, finance, and operations respectively. As of March 31, 1985, there were 3,241 full-time employees. Most are employed in the operations section, with 2,313 employed in stores and 342 employed in the warehouses. The Board also employed 2,161 part-time workers.

Currently, the Board operates 610 stores. These include the Toronto distribution depot, two duty-free stores at Pearson International Airport, and four Vintages stores. Approximately 85 percent of the stores are self-serve. These stores carry approximately 2,800 regular listings and 625 vintage listings. There are currently 69 agency stores and 450 Brewers' Retail stores in operation.

In addition to overseeing the distribution and sale of liquor, the Board also conducts laboratory analysis on liquor products, including those produced by Ontario breweries and wineries. There are currently 20 brewery plants and 17 wineries licenced to sell their products in Ontario.

There are now 197 winery retail stores in operation, of these there are 133 regular stores and 64 mini-stores.

The Board's expenditures are determined by an annual budget process in which budget estimates are submitted to a Budget Committee for approval. This Committee is chaired by the Vice-President of Finance and consists of the Executive Vice-President of Administration, the Executive Vice-President of Finance, the Vice-President of Finance, and the Manager of Budget Control. Expenditures are monitored by a quarterly reporting system. Revenue information is given to Treasury on a quarterly basis, and frequent liaison occurs with regard to pricing policy. The Board is funded completely from its own revenues. Its expenditures are, as with any retail organization, in proportion to its sales. On 1985-86 sales of \$1,647 billion, the Board had costs of \$844 million and a gross income of \$803 million. Subtracting its operating expenses of \$196 million, the Board had a net income of \$607 million. The Liquor Control Act requires that net profits of the Board be paid into the Consolidated Revenue Fund.

The Board has a dual reporting and accountability relation to both Treasury and the Ministry of Consumer and Commercial Relations. The Board is required by the Liquor Control Act to submit an annual report through the Minister to the Legislative Assembly. The Minister has the responsibility for changes in the role of the Board and the approval (in principle) of regulations.

The Board provides reports to the Ministry of Consumer and Commercial Relations on a monthly basis. In addition to this formal reporting process, there is continuing informal liaison between the Deputy Minister and the Chairman, and between the Ministry's Executive Director of Support Services and the Board's senior management.

Revenue information is given to Treasury on a quarterly basis, and frequent liaison occurs with regard to pricing policy. The Treasurer lays down the guidelines and directives for setting mark-up levels, fees, licence structures and profit targets. Treasury indirectly monitors the expenditures of the Board upon reviewing the cash transfers to the Consolidated Revenue Fund.

The Board has its own audit services and is not audited by Ministry auditors. The Liquor Control Act requires that the accounts and financial transactions of the Board be audited annually by the Provincial Auditor.

The Board has not been the subject of a sunset review. It was, however, the subject of a Royal Commission of Inquiry in 1986. The Commission examined the testing and marketing of liquor in Ontario and tabled its report in the Legislature in October 1986.

Recommendations

In reviewing the Liquor Control Board of Ontario, the Committee discussed several issues that have recently been the subject of public attention.

One issue of concern raised by the Committee was the hiring practices of the Board. The representatives of the Board explained that there are approximately 2,000 part-time employees working only a few days a week, but there may be some who regularly or on occasion work 40 hours a week. The Committee raised the question of whether those Board employees who work 40 or close to 40 hours per week should not receive benefits on a pro-rata basis. The Chairman of the Board indicated that this matter was being discussed as part of the collective bargaining negotiations.

Your Committee, therefore recommends that:

1. **The Liquor Control Board of Ontario adopt in principle the right of its part-time employees to receive benefits on a pro-rata basis.**

On the same issue of part-time employees, the Committee asked how part-time employees were hired, and how they can become full-time employees. The Chairman indicated that full-time employees are drawn from the 2,000 part-time workers. There are five regional panels that interview those part-time employees that want to become full-time, and who are the senior, most qualified persons for the position. While, apparently, there is no stipulation in the collective bargaining agreement that would prevent the Board from hiring individuals other than part-time Board employees, it has been the Board's policy to promote from within its own workforce. While the Committee does not object to this practice at a general level, it does see certain problems on an individual basis. The Committee is aware that there are part-time employees who want to work on a full-time basis but who cannot move to full-time positions because it can take as long as 3 or 4 years before an individual is considered for a full-time position. For many younger part-time employees this long wait imposes a financial hardship. The Committee would like to see the Board in cooperation with the union, establish criteria that would permit some portion of full-time positions open to qualified younger employees.

Your Committee, therefore, recommends that:

2. **The Liquor Control Board of Ontario provide opportunities for their younger part-time employees to join the Board's permanent staff.**

Following on the previous recommendation, the Committee is of the opinion that the Liquor Control Board of Ontario should post all openings for positions to the Board's part-time and full-time staff. The public posting of such positions will ensure that there will be a fair and equitable hiring process at the Board.

Your Committee, therefore, recommends that:

3. **The Liquor Control Board of Ontario publicly post all openings for part-time and full-time staff.**

The Committee also raised the issue of the sale of South African products in LCBO stores. The Chairman told the Committee that as of November 1986 there are no South African wines and liquors available at the Board's stores. Moreover, the Board no longer permits private stock ordering from South Africa, and it itself no longer orders any South African products.

Your Committee, therefore, recommends that:

4. **The Liquor Control Board of Ontario continue its policy of not ordering any South African products, and not permitting any private stock ordering from South Africa.**

The matter of the disappearance of some \$700,000 worth of products as cited in the Provincial Auditor's reports was also discussed. The Chairman of the Board stated that the Board in fact could account for all but \$75,000 worth of products. At the time that the Provincial Auditor made his report, the Board was in the process of tracing the missing products. These products had gone missing during the transition period when the Board was leaving its temporary warehouse facilities in Toronto and moving to its new modern warehouse in Whitby. When the transition process had been completed, the Board could identify all but the \$75,000 worth of products. By this time, the Provincial Auditor's report had been released showing a shortfall of \$700,000. As a result of the Board's investigations several people were charged with theft.

The problem of theft was further raised with respect to the Whitby warehouse. The Committee wanted to know if the security at the new warehouse would be adequate. Representatives of the Board explained that because the new warehouse has the latest computerized equipment it would be extremely difficult for anyone to manipulate the computer system to their

advantage. If a potential exists for theft, that potential exists only when the delivery trucks leave the warehouse, or at the various retail outlets. With respect to delivery trucks, the Board routinely makes spot checks of all trucks leaving or coming to the warehouse, and with respect to retail outlets, the Board will introduce television monitors if it suspects that an employee is manipulating the cash registers for his or her own benefit.

Your Committee, therefore, recommends that:

5. **The Liquor Control Board of Ontario must make every effort to prevent theft at its stores and warehouse.**

Another matter of concern to the Committee is the possible privatization of the Board's duty-free liquor store at Pearson International Airport. At present, duty-free stores operate privately at the land border points at Windsor and Sarnia, with another store coming into service at Fort Erie in the near future. Moreover, 10 more duty-free stores will be privately operated at various land border points from Fort Frances to Prescott. The decision to privatize these stores was announced in July of 1985 by the federal and Ontario governments. The agreement stipulates that the 13 duty-free stores will be under the jurisdiction of Revenue Canada and the Liquor Control Board of Ontario. The former issues the permit to operate a duty-free store and the latter makes an agreement with the owner of the store for the supply of all liquor products. Both governments are involved in choosing the successful applicant. In addition, the successful applicant must seek the cooperation of the tunnel or bridge authorities who own the land at the various land border points. Either the successful applicant will build his or her own store or the particular authority will build the store and then lease it to the successful applicant. Ontario requires that the successful applicant be an Ontario resident or that he or she become an Ontario resident. This agreement between the federal and Ontario governments, involving Revenue Canada and the Board, is separate from any decision to privatize the duty-free store at Pearson International Airport. This store comes under the jurisdiction of

Transport Canada, and because it caters to international, not just North American travellers, the federal government could insist on different rules for privatization, as, for example, opening the applications to international bidders.

While the Committee is in principle opposed to the privatization of duty-free liquor stores in Ontario, it recognizes that the agreement between Ontario and the federal government represents a policy decision that cannot be reversed at this point in time. However, it would appear that the privatization of the Board's duty-free store at Pearson International Airport is a different matter than the privatization of the duty-free stores at various Ontario land border points. In view of the fact that the decision to privatize this store has not been taken, the Committee is of the strong opinion that the Board's duty-free store at Pearson International Airport should not be privatized.

Your Committee, therefore, recommends that:

6. **The Ministry of Consumer and Commercial Relations and the Liquor Control Board of Ontario should not seek to privatize the Board's duty-free store at Pearson International Airport.**

The question of various types of products sold at Pearson International Airport was also raised by the Committee. For instance, only two types of Canadian wines were sold at the duty-free store. There was a feeling in the Committee that the Board should undertake to include a wider selection of Canadian wines. Moreover, the Committee felt that the duty-free liquor store should carry not only the very large size bottles but also the small bottles.

Your Committee, therefore, recommends that:

7. **The Liquor Control Board of Ontario carry the smaller liquor bottles as part of its selection list, and a larger selection of Canadian wines.**

The location of Board stores was also discussed by the Committee, which wanted to know whether the Board was sensitive to local community concerns when it located its stores near churches, schools, nursing homes and similar institutions.

Your Committee, therefore, recommends that:

8. The Liquor Control Board of Ontario take into consideration the impact on the neighbourhood when it opens any new store.

The Committee also explored the manner in which the Board trains its staff. According to the Chairman most of the training is done "on-the-job", though the Board is now beginning to use video cassettes which can be taken by the regional directors to the various stores in their area. The Board is also increasingly bringing in employees to the head office for training in product knowledge.

Your Committee, therefore, recommends that:

9. The Liquor Control Board of Ontario make greater efforts to train its staff on the operations of the Board.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

The Ontario Northland Transportation Commission has long played an important role in the settlement and development of Northern Ontario. Begun originally as a small railroad, the Commission is now a large corporation that provides transportation and communication services. The history of the Commission begins with the creation in 1902 of the Temiskaming and Northern Ontario Railway. The construction of the Temiskaming and Northern Ontario Railway from North Bay to New Liskeard was completed in 1905. Northern extensions of the railway were completed to Englehart (1907) and then to Cochrane (1909). Branch lines were constructed to Timmins (1912) and Rouyn (1923). In 1922, work began on extending the last 186 miles to James Bay. The extension was completed in 1932, with a terminal point at Moosonee.

In the following decades, the Temiskaming and Northern Ontario Railway was transformed from simply a railway to a comprehensive transportation and communications system. Changes to the original Temiskaming and Northern Ontario Railway Act in 1937 made provisions for the Commission of the Railway to operate bus and trucking operations. In 1946, the name of the Temiskaming and Northern Ontario Railway was changed to the Ontario Northland Transportation Commission. The change in name reflected the broadened scope of the Commission's operations into the fields of communications, ferry service and tourism. In 1960, the Commission purchased the trucking company Star Transfer Limited and since then has expanded both its ferry and air services. Today the Commission is a large transportation and communications system similar, albeit smaller, to Canadian National and Canadian Pacific.

The Commission is established under the Ontario Northland Transportation Commission Act, R.S.O. 1980, c. 351. The enabling legislation establishes that the agency operates "the business of a public carrier of passengers and freight" and also "the powers of a telephone or telegraph company."

The Commission was begun originally to help settle northeastern Ontario and develop its resources. Over the years, it has extended its mandate beyond the provision of rail services and its operations now also include norOntair, Tobermory – South Baymouth Ferry, Moosonee – Moose Factory Ferry, Highway Transport and Express, Telecommunications, Hannah Bay

Goose Camp and Lake Nipissing Marine. All these services, however, can be characterized as being regionally and locally focussed. The Commission transports goods and services within Northern Ontario and provides access to transportation services with destinations outside of Northern Ontario.

The powers of the Commission are set out as follows in section 7 of the Ontario Northland Transportation Act:

7.-(1) The railways and branch lines heretofore constructed by the Commission and all other works constructed and used in connection therewith, and any other railways, branches and other works constructed by the Commission under the authority of this Act, are vested in the Commission for the purposes herein set forth:

(2) Subject to the approval and direction of the Lieutenant Governor in Council, the Commission may,

- (a) construct, equip, maintain and operate a line or lines of railway from the present northern terminal of the railway to some point on James Bay or the vicinity thereof;
- (b) construct, complete, equip, maintain and operate such spurs and branches from any of the lines of railway of the Commission as may be considered necessary, not exceeding twenty miles in length in any one place, and may exercise the like powers with respect to such spurs and branches as it has exercised and may exercise with respect to any such lines;
- (c) construct, complete, equip, maintain and operate telephone and telegraph lines and with respect thereto has and shall exercise all the powers that may be exercised by a railway company under the Railways Act or by any general Act of the Legislature affecting railways for the time being in force, or by a telephone or telegraph company incorporated under the general laws of Ontario;
- (d) purchase or otherwise acquire motor vehicles and trailers as defined by the Highway Traffic Act, aircraft and lines of buses, coaches, trucks and aircraft, and may operate, maintain, control and manage such vehicles, trailers, aircraft and lines for the purpose of carrying on, upon the highway and elsewhere, the business of a public carrier of passengers and freight;
- (e) purchase or otherwise acquire, construct, complete, equip, maintain and operate hotels, tourist resorts, restaurants, boats and vessels and lines of boats and vessels;

- (f) purchase or otherwise acquire, construct, complete, equip, maintain or operate such undertakings and provide such services in that part of Ontario that is served by the Commission, as the Commission may consider to be for the benefit of travellers therein or residents thereof;
- (g) make financial contributions to or for undertakings or services that are maintained or provided in that part of Ontario which is served by the Commission for the benefit of travellers therein or residents thereof.

Other sections of the Act give the Commission powers to establish and administer a pension fund, to acquire other companies, to enter into agreements with other railway companies, to buy and sell land, to construct and operate works for the generation and transmission of electricity, to issue bonds and otherwise borrow money and to obtain advances from the Consolidated Revenue Fund.

The Commission proper is effectively the Board of Directors of the Commission and is composed of one or more persons appointed by the Lieutenant Governor in Council. Each of the commissioners holds office during the pleasure of the Lieutenant Governor in Council. Where the Commission is composed of more than one person, the Lieutenant Governor in Council may designate one of the commissioners to be Chairman and one to be Vice-Chairman. The Commission presently consists of nine members; Mr. J.W. Spooner is the current Chairman.

The Commission or Board of Directors met eleven times in 1985. Board members receive the following remuneration: Chairman – \$4,200 per annum. Commissioners – \$2,500 per annum.

The Commission owns four subsidiary companies: Owen Sound Transportation Company, Star Transfer Limited, the Nipissing Central Railway Company and Northern Canada Transportation Limited. The Commissioners are also the directors for the Owen Sound Transportation Company and Star Transfer Limited and they receive \$100 monthly director fees for each of those two companies. The Nipissing Central Railway is incorporated under a federal statute. This allows the Commission to run a branch line from Kirkland Lake to Rouyn/Noranda, Quebec. Northern Canada Transportation Limited was incorporated under federal statute in the 1930s for the purpose of allowing the Commission to operate a bus service.

In all, some 14 different operations – eight commercial and six non-commercial – are listed in the Commission's 1985 Annual Report.

The rail services of the Commission are provided by the Ontario Northland Railway. The Railway operates a large, modern railroad with 38 diesel locomotives and over 1,000 rail cars. The Railway's rail line extends some 708 kilometres (440 miles) from North Bay through Cochrane to Moosonee.

The Ontario Northland Railway provides rail freight and some highway freight services as well as passenger services from North Bay to Moosonee with branch lines to Timmins and Rouyn/Noranda, Quebec. In addition, spur lines service the mining and logging industries in Northern Ontario.

The Commission moves freight by both rail and truck. Rail freight handled 5,200,573 net tons in 1985, a slight decrease from 1984, and generated approximately \$47 million in revenue. The Commission's trucking firm, Star Transfer Limited, acquired sixteen new 48 foot tri-axle vans in 1985.

Rail, bus, air and marine passenger services are provided by the Commission throughout Northern Ontario. This division coordinates and monitors all passenger services.

The Ontario Northland Railway provides the following services:

- (1) The "Northlander", a regular passenger service from Toronto to Timmins
- (2) The "Northland", a daily train from Toronto to Kapuskasing in conjunction with VIA
- (3) The "Polar Bear Express", a daily (except Friday) excursion service between Cochrane and Moosonee (This train operates in the summer months only, from June 22 to September 2.)
- (4) The "Little Bear", which runs three times a week from Cochrane to Moosonee and provides mixed freight and passenger service

The Commission provides bus service throughout Northern Ontario, providing regularly scheduled routes between North Bay and Timmins, and from Matheson to Wawa. In addition, the ONTC also provides charter and tour services, which include tours to the United States. Freight shipments are handled by Bus Parcel Express (BPX).

The Commission provides air services to Northern Ontario through norOntair. norOntair operates a fleet of aircraft that fly into 21 towns and cities across Northern Ontario. In 1985 it carried a total of 90,641 passengers. 1985 also marked the first full year of norOntair's new Dash 8 service which flies into Sault Ste. Marie, Sudbury, Timmins, Kapuskasing, and Thunder Bay.

The Commission operates three large specialized watercraft that provide ferry services.

The Owen Sound Transportation Company operates the M.S. Chi-Cheemaun, which runs between Tobermory and South Baymouth on Georgian Bay. The ferry is now in its twelfth year of operation. In 1985 it carried 239,585 passengers and 80,944 cars.

The Moosonee Ferry Service, provided by the Commission, operates the M/V Manitou Island II which runs between Moosonee and Moose Factory on James Bay. The ferry carried 4,968 passengers in 1985.

Lake Nipissing Marine operates M/V Chief Commanda II between North Bay and the French River on Lake Nipissing. This operation was originally begun to move passengers and supplies to upper French River. The ship is today mainly a tourist operation.

Ontario Northland Telecommunications provides a complete spectrum of telecommunications services throughout northeastern Ontario, including message toll service (long distance), WATS, 1-800, private line voice and data, Canadian Broadcasting Corporation program and video, telex and, in five communities, local telephone service.

The primary medium for the transmission of signals is microwave; however the Branch also employs digital cable carrier, fiber optics and satellite to varying degrees.

The Telecommunications territory extends from North Bay, north to Hudson Bay and from the Quebec border, west to Flynn Lake (located 90 miles west of Hearst). Its facilities form an integral part of the North American telecommunications network.

Three of the Commission's operations can be categorized as mainly tourist operations: the "Polar Bear Express", the Chief Commanda II, and the Hannah

Bay Goose Camp. (For discussions of the "Polar Bear Express" and the Chief Commanda II, see the sections on rail services and marine services.)

The Hannah Bay Goose Camp had 143 bookings in 1985, and showed a profit of \$30,000.

The operations of the Commission fall into two categories: commercial and non-commercial. These classifications are set out in the Commission's Memorandum of Understanding with the Minister of Northern Development and Mines (MNDM). Those operations deemed non-commercial are those "which are to be operated by the Commission on behalf of the Government of Ontario."

(1) Commercial Operations

The Commission's commercial operations are:

- Rail Freight (Main Line) Operations
- Railway Express Services
- Telecommunications Operations
- Bus Services
- Transport Services (Star Transfer)
- Tourist Facilities (Hannah Bay)
- Marine Services (North Bay – Lake Nipissing Marine)

These operations generate approximately 87% of the Commission's revenue.

The Commission's income from its commercial operations in the past three years has been as follows: 1985 – \$16,100,184; 1984 – \$18,059,600; 1983 – \$14,874,959.

(2) Non-Commercial Operations:

- Rail Passenger Services
- Air Services (norOntair)
- Marine Services (Owen Sound)
- Marine Services (Moosonee)
- Remote North Communications (absorbed into Telecommunications in 1985)

These operations incur significant financial losses to the Commission, for which it is reimbursed by the Government of Ontario. In 1983 the loss on the above non-commercial services was \$18,228,128. The Government of Ontario reimbursed the Commission by \$20,042,127, with the result that the net gain was \$1,813,999. In 1984 the figures, respectively, were \$20,353,226, \$21,576,020 with a net gain of \$1,222,794 and in 1985 the figures were \$21,958,044 and \$23,866,045 with a net gain of \$1,908,001.

The Commission has shown a net profit in each of the last three years. This includes government reimbursement, payments to the pension fund, and investment income. In 1983, the net profits were \$18,608,522, in 1984, \$17,449,286, while in 1985 the figure was \$18,298,994.

The Commission is required by the Ontario Northland Transportation Commission Act to submit an annual report to the appropriate minister, presently the Minister of Northern Development and Mines. The Act also requires the Provincial Auditor to prepare an annual auditor's statement on the Commission.

The Memorandum of Understanding requires that any changes to the schedules of commercial and non-commercial operations be approved by Management Board. The Commission must notify the Minister of Northern Development and Mines of any plans to either start or discontinue any operations, and it must seek Management Board approval for any new non-commercial operations. In addition, the Commission must obtain the approval of the Minister prior to using any of its non-commercial assets for the purpose of carrying out commercial operations.

The Commission must prepare and submit its multi-year plans and annual budget for the approval of the Minister prior to the start of each fiscal year. Its plans must include a five-year financial forecast for both commercial and non-commercial operations.

Recommendations

When the representatives of the Ontario Northland Transportation Commission appeared before the Committee, a number of issues relating to the operation of the Commission were discussed.

As has been previously noted, the Commission's operations are divided in two: there are commercial and non-commercial services provided by the Commission. A Memorandum of Understanding between the Commission and the Ministry of Northern Development and Mines sets out in specific terms which part of the Commission's operations are commercial and which are non-commercial. For those operations which are non-commercial it is a matter of policy that the Government of Ontario will reimburse the Commission for any losses. The division between the two kinds of operations was last established in 1978. The last annual report of the Commission indicates that its net income from all its commercial operations was just over \$16 million. Certain services within the commercial operations, however, did show a deficit and have done so for the last two years. The non-commercial operations have also incurred deficits for the last two years. On these operations, however, the Government of Ontario reimbursed the Commission. In 1985 the total deficit was \$21,958,044 and the reimbursement was \$23,866,045. The sum of \$1.9 million, over and above that of the actual losses incurred represents the value of the Commission's investment in assets.

Given that the last time the division between the commercial and non-commercial operations was made in 1978, nearly 10 years ago, this may be an appropriate time for the Commission and the Ministry of Northern Development and Mines to consider re-negotiating which operations should be commercial and which non-commercial.

Your Committee, therefore, recommends that:

1. The Ontario Northland Transportation Commission and the Ministry of Northern Development and Mines re-negotiate the commercial and non-commercial operations of the Commission.

One non-commercial service which the Commission provides is the air service through norOntair. A review of norOntair's service reveals that its flights are concentrated in the area below the 50th parallel. Service north of the 50th parallel is sporadic at best. Believing that it is the responsibility of the Ontario Northland Transportation Commission to provide service to the remote parts of Northern Ontario, the Committee is of the view that the Commission should undertake to provide air service north of the 50th

parallel. The Committee learned that the Commission plans to privatize its norOntair services. Because the Committee has serious doubts that the public in Northern Ontario will be adequately served by private carriers, it, therefore, cannot support the Commission's plans to privatize norOntair.

Your Committee, therefore, recommends that:

2. The Ontario Northland Transportation Commission establish an air service for those communities north of the 50th parallel; and that the Commission not proceed with the privatization of the existing norOntair services.

The Committee also raised a question with respect to the Provincial Auditor's comments that the Commission is taking cash surplus that, under its Act, is required to be returned to the Consolidated Revenue Fund and placing that surplus as a special contribution to its Pension Fund. The amount the Commission placed in 1985-86 was above what was required of the Commission. The representatives of the Commission explained that the Commission's Pension Fund did not have sufficient assets to cover all its liabilities as is required by Ontario's pension legislation. What the Provincial Auditor calls "excess payments" to the Fund, is, according to the Commission, an obligation it must discharge. Consequently, the Commission does not view this payment as a cash surplus that must be returned to the Consolidated Revenue Fund.

Your Committee, therefore, recommends that:

3. The Ontario Northland Transportation Commission continue to comply with Ontario's pension legislation, requiring the Commission to discharge its obligations with respect to its pension fund.

Another issue raised by the Committee was the extent to which the Commission promoted the tourist industry in Northern Ontario. The Committee was told that the Commission spends about \$350,000 on advertising, and of that amount 40% is spent in southern Ontario. At its North Bay head office the Commission employs three people who work

full-time on tourism matters. In Toronto, the Commission has a staff of two in the winter and five in the summer. Moreover, the Commission cooperates with the Ministry of Tourism and Recreation in planning tourism advertising for Northern Ontario.

The Committee believes that the Commission should develop a new approach to the issue of tourism. More specifically, the Commission should become more development oriented rather than just marketing oriented. The Commission should develop a business strategy for encouraging, supporting and developing tourism in Northern Ontario. In order to fulfill this objective, the Committee proposes that the Commission employ a special Commissioner responsible for tourism development in the North.

Your Committee, therefore, recommends that:

4. **The Ontario Northland Transportation Commission implement a tourism development policy for Northern Ontario and that it hire a Commissioner with responsibility to supervise that policy.**

Finally, the Committee questioned the representatives of the Commission with respect to how many native people they employed. According to their testimony, the Commission has about 75 native people on staff, representing five percent of the Commission's workforce, that is 75 out of a total workforce of 1,500.

The Commission would not appear to have in place a policy with respect to the hiring of native people. The Committee believes that the Commission should have a well conceived plan or strategy of how it can increase the number of native people employed by the Commission. Consequently, the Committee proposes that the Commission undertake a study, with the aid of native organizations, that would seek to establish appropriate target levels for native employment. The study should include consideration of the geographic location of native people vis-à-vis the Commission's area of operation, appropriate training courses that could be provided by the Commission, how best to publicize and post job vacancies so that those vacancies would come to the attention of native people, and related issues.

Your Committee, therefore, recommends that:

5. The Ontario Northland Transportation Commission undertake to develop a strategy for setting targets for the employment of native people.

PESTICIDES ADVISORY COMMITTEE

The Pesticides Act, 1967 was passed to regulate the extermination of pests in Ontario. Anyone who wished to become an exterminator was required to hold a licence. A Pesticides Advisory Board was created to recommend the issuance of a licence or, after hearing, recommend that a licence be cancelled or suspended or reissued. The Board acted in a quasi-judicial fashion by reviewing individual cases on the basis of standards and criteria established in the Act or regulations.

In 1970 the Pesticides Act, 1967 was amended, and as a result the Pesticides Licence Review Board and the Pesticides Advisory Committee were created. The former would act in a quasi-judicial fashion in reviewing any proposed cancellation or suspension or denial of a licence, while the latter would have an advisory function with respect to the Act and regulations, and other matters specified in the Act. In 1979, the quasi-judicial function was transferred to the Environmental Appeal Board, while the advisory function remained with the Pesticides Advisory Committee.

After the quasi-judicial function of the Pesticides Advisory Board was first transferred to the Pesticides Licence Review Board and then to the Environmental Appeal Board, the Advisory Committee was given the following responsibilities under the Pesticides Act, R.S.O. 1980, c. 376, s. 10(3).

- (a) review annually the content and operation of the Act and the regulations and recommend changes or amendments therein to the Minister;
- (b) inquire into and consider any matter the Committee considers advisable concerning pesticides and the control of pests, and any matter concerning pesticides and the control of pests referred to it by the Minister, and report thereon to the Minister;
- (c) perform such other functions as the regulations prescribe.

Within the Committee's statutory mandate, the Committee also oversees the funding of an annual research program. The aim of this research program is to find alternative pesticides for those deemed environmentally hazardous and thus restricted in use; to determine potential environmental hazards with

pesticides currently in use; and to reduce pesticide input into the environment. These projects are assessed by the Committee on an annual basis. The Committee also recommends a classification of all registered pesticides for storage, sale and use in Ontario, in accordance with the regulations, and pursuant to the federal Pest Control Products Act.

The Pesticides Act stipulates that the Committee shall consist of not fewer than 10 members appointed by the Lieutenant Governor in Council. At present there are 14 members. One person is appointed as Chairman, and the Chairman's secretary is appointed by the Lieutenant Governor in Council. Four members of the Committee are civil servants. Other members include pesticide users, researchers, academics and other experts. At present, there is no member that represents the public at large.

The Committee has a system of sub-committees dealing with various aspects of the Committee's mandate. In 1985-86 the full Committee met 19 times, while sub-committees met 15 times. The Chairman, or Vice-Chairman when acting as Chairman, receives a per diem of \$168 for attending a meeting in excess of three hours. The Vice-Chairman ordinarily receives \$152.25, while ordinarily members receive \$131.25.

According to the Committee's annual report for 1985-86, the Committee fulfilled its terms of reference as follows.

The Committee recommended several minor changes to Ontario Regulation 751, evaluated the environmental impact, toxicity and hazard of three (3) new pesticide active ingredients, one hundred and fifty-three (153) newly registered products and recommended for each a scheduled classification for storage, sale and use in accordance with the Pesticides Act and Regulation 751. Classification guidelines were also reviewed and updated where necessary.

The Committee continued a research program established in 1973 with three major objectives:

- (a) to find alternative pesticides for those deemed environmentally hazardous and those restricted in use;

- (b) to determine potential environmental hazards with pesticides currently in use;
- (c) to reduce pesticide input into the environment.

Sixty-one (61) research proposals were received, of which thirty (30) were funded by the Ministry of the Environment through the Committee in the amount at which grant recipients reported on their findings. A research report is published annually.

A three day field trip was undertaken in June 1985 to assess at first hand various pesticide problems and practices in Ontario.

All provincial publications dealing with pesticides were reviewed.

Funding for the Pesticides Advisory Committee is provided by the Ministry of the Environment from money appropriated by the Legislature. The expenditure estimates form part of the Estimates of the Ministry. The total expenditures of the Committee for the fiscal year 1985-86 were \$523,744; for 1984-85 they were \$448,604 and for 1983-84 they were \$455,800. The estimated expenditures for 1986-87 are \$647,100.

The "services" component of the Committee's expenditures includes grant money the Committee provides for research. In 1985-86 this came to \$300,000. In the 1986-87 Estimates, this grant money was increased by \$105,900.

As an advisory agency, the Committee is administratively integrated within the Ministry of the Environment, with close contact between the Ministry and the Committee with respect to research projects. The Ministry's Research Advisory Committee reviews them after initial determination by the Pesticides Advisory Committee. Also, a member of the Ministry staff attends all Committee meetings and acts as a resource person.

Annual reports are submitted to the Minister, as are research reports.

The Committee is periodically audited by the Ministry of Environment's internal auditors.

As a Schedule I advisory agency, the Pesticides Advisory Committee underwent a sunset review in March 1984, as required by Management Board of Cabinet. The review by Management Board recommended the continuation of the Committee for another three years.

Recommendations

As the Committee learned, the Pesticides Advisory Committee is an advisory body that makes recommendations to the Minister of the Environment with respect to the Pesticides Act and regulates and classifies all federally registered pesticides. It is the responsibility of the federal Department of Agriculture to register all pesticides. That Department undertakes an extensive and comprehensive review of all new pesticides. This review usually takes two or three years and involves the collection of information on the pesticide's chemical components, its effectiveness, its toxicity, its environmental impact and its health impact. If the new pesticide is shown to be "safe", the pesticide then can be used. However, each province, including Ontario, has the responsibility to classify how each pesticide is to be stored, sold and used. Ordinarily, the federal and provincial bodies that either register or classify pesticides will issue regulations and directives that conform across all jurisdictions.

The Committee, however, is aware that in recent years, various provinces have adopted different standards. Thus, it is quite possible for the federal Department of Agriculture to register a pesticide for use only to have a province classify the pesticide in such a way that its use becomes highly restricted. It would appear that Ontario has set a higher standard for how pesticides are used than some other provinces. As a result, Ontario farmers are concerned that they have been placed in an uncompetitive position.

The Committee would like to see the Minister of the Environment and the Minister of Agriculture and Food increase their efforts with their counterparts at the federal level and in other provinces to resolve the different standards that now exist with respect to the use of pesticides in Canada. When discussing this issue, the Ministers responsible should adopt the higher provincial standard as the model for the whole of Canada.

Your Committee, therefore, recommends that:

1. The Minister of the Environment in conjunction with the Minister of Agriculture and Food seek to establish uniform standards and practices with respect to the use of pesticides, in cooperation with their federal and provincial counterparts.

Another matter raised by the Committee was the unfairness to Ontario farmers of imported food that contains pesticides not permitted for use in Ontario. Not only do less stringent pesticide regulations create an unfair competitive advantage for foreign producers, but clearly Ontario consumers are also adversely affected by consuming banned pesticides that are sprayed on various imported produce. The Committee believes that the Minister of Agriculture and Food should communicate to the federal Minister of Agriculture Ontario's concern over this issue, and that Agriculture Canada should require imported produce to meet Canadian standards. If, in some cases banning of such foodstuffs is not feasible, the Committee believes that where produce is imported that contains pesticides banned in Canada, there should be a system of grading such produce so that the consumer is aware of the pesticide content.

Your Committee, therefore, recommends that:

2. The Minister of Agriculture and Food convey to the federal Minister of Agriculture Ontario's view that imported food should meet Canadian pesticide regulations, and, if such produce cannot be banned, a grading system should be introduced that advises consumers of the pesticide content of imported foodstuffs.

Finally, the Committee wishes to point out that the designation "Canada Grade A" etc. used to categorize the quality of certain foodstuffs can create confusion in the minds of consumers. The designation can be misinterpreted as meaning that the food was produced in Canada, where, in fact, the particular item was produced in a foreign jurisdiction. The Committee would like to see imported food having an additional label indicating the origin of the produce. This should be a legal requirement, so that all produce is known not only by its quality, but also by its place of origin.

Your Committee, therefore, recommends that:

3. The Minister of Agriculture and Food ask the federal Minister of Agriculture to introduce a legal requirement that all imported foodstuffs be labelled according to the place of origin.

III. SUMMARY OF RECOMMENDATIONS

Agricultural Council of Ontario

1. The Minister of Agriculture and Food renew the mandate of the Agricultural Council of Ontario for another three years.
2. In order to aid Ontario farmers, the Treasurer of Ontario undertake to devise a credit support program to aid farmers to obtain future financial assistance.
3. The Ministry of Agriculture and Food in cooperation with Ontario municipalities establish more flexible rules with respect to the severability of farm land.
4. The Agricultural Council of Ontario, with the support of the Ministry of Agriculture and Food, undertake to prepare an agricultural strategy for Ontario, emphasizing the kind of policies and programs that could be introduced by the Government of Ontario to ensure the viability of Ontario's agricultural community.
5. The Government of Ontario give due attention to the impact free trade could have on all sectors of the Ontario agricultural community before considering any proposed free trade agreement between the United States of America and Canada.
6. The Ministry of Agriculture and Food communicate to the Ontario public the fact that Ontario farm produce is far safer to consume than produce from most other foreign jurisdictions.

Liquor Control Board of Ontario

1. The Liquor Control Board of Ontario adopt in principle the right of its part-time employees to receive benefits on a pro-rata basis.
2. The Liquor Control Board of Ontario provide opportunities for their younger part-time employees to join the Board's permanent staff.
3. The Liquor Control Board of Ontario publicly post all openings for part-time and full-time staff.
4. The Liquor Control Board of Ontario continue its policy of not ordering any South African products, and not permitting any private stock ordering from South Africa.
5. The Liquor Control Board of Ontario must make every effort to prevent theft at its stores and warehouse.
6. The Ministry of Consumer and Commercial Relations and the Liquor Control Board of Ontario should not seek to privatize the Board's duty-free store at Pearson International Airport.

7. The Liquor Control Board of Ontario carry the smaller liquor bottles as part of its selection list, and a larger selection of Canadian wines.
8. The Liquor Control Board of Ontario take into consideration the impact on the neighbourhood when it opens any new store.
9. The Liquor Control Board of Ontario make greater efforts to train its staff on the operations of the Board.

Ontario Northland Transportation Commission

1. The Ontario Northland Transportation Commission and the Ministry of Northern Development and Mines re-negotiate the commercial and non-commercial operations of the Commission.
2. The Ontario Northland Transportation Commission establish an air service for those communities north of the 50th parallel; and that the Commission not proceed with the privatization of the existing norOntair services.
3. The Ontario Northland Transportation Commission continue to comply with Ontario's pension legislation, requiring the Commission to discharge its obligations with respect to its pension fund.
4. The Ontario Northland Transportation Commission implement a tourism development policy for Northern Ontario and that it hire a Commissioner with responsibility to supervise that policy.
5. The Ontario Northland Transportation Commission undertake to develop a strategy for setting targets for the employment of native people.

Pesticides Advisory Committee

1. The Minister of the Environment in conjunction with the Minister of Agriculture and Food seek to establish uniform standards and practices with respect to the use of pesticides, in cooperation with their federal and provincial counterparts.
2. The Minister of Agriculture and Food convey to the federal Minister of Agriculture Ontario's view that imported food should meet Canadian pesticide regulations, and, if such produce cannot be banned, a grading system should be introduced that advises consumers of the pesticide content of imported foodstuffs.
3. The Minister of Agriculture and Food ask the federal Minister of Agriculture to introduce a legal requirement that all imported foodstuffs be labelled according to the place of origin.

IV. RESPONSES TO THE TWELFTH REPORT

It has been the practice of the Committee to follow up its recommendations by asking ministers responsible for the particular agency reviewed by the Committee to respond to its recommendations. In the Twelfth Report, the Committee reviewed the following agencies:

Ontario Advisory Council on Multiculturalism and
Citizenship
Ontario Arts Council
Ontario Development Corporations
Ontario Land Corporation
Ontario Lottery Corporation

To date, the Committee has received responses from the Minister of Government Services with respect to the Ontario Land Corporation and from the Minister of Tourism and Recreation with respect to the Ontario Lottery Corporation.

With respect to the Ontario Land Corporation, the Ministry of Government Services made the following responses.

Recommendation

22. The Ontario Land Corporation include in its sale plan an upper limit on the size of farm land it sells in a given area, the size being directly related to local market conditions; and that such sales be limited in number in any given year.

In reply, the Minister stated that:

The Ministry agrees with the Committee's position with respect to limiting the amount of land sold in a given area to minimize any adverse effects on local market values.

The Ministry will continue to monitor the various real estate markets closely to ensure that both the rate and amount of land sold are consistent with local market absorption.

Recommendation

23. The properties of the Ontario Land Corporation located in "speculative" markets should be sold with "anti-flip" clauses in the sales contracts in order to protect customers from price increases that are the result of real estate speculation.

The Minister responded by stating that:

The Ministry shares the Committee's concern with regard to speculation. In appropriate locations and for selected parcels of land, anti-flip clauses are currently included in agreements of purchase and sale and this will continue to be part of the Ministry's practice. However, the application of such clauses should be on an individual basis as any such clause can have an adverse effect on market value.

Recommendation

24. The Ontario Land Corporation consult with municipalities as to the sale of its lands prior to the marketing of such lands and that municipalities be given first right of refusal.

In response, the Minister stated:

The Ministry's surplus lands, prior to being offered for sale to the public, are normally circulated first to other Government ministries and then to municipalities. Should a municipality have an interest in acquiring a particular parcel of land for municipal use, the municipality may purchase the site at market value.

In light of the Government's new direction on "Housing First," all surplus provincial lands will be reviewed with regard to housing potential prior to circulation, as outlined above. However, lands previously owned by the Ontario Land Corporation, which were purchased for residential development by the Province or in co-operation with the Federal Government, would not normally be offered to the municipality prior to sale.

Recommendation

25. The Ministry of Government Services, when it takes responsibility for the sale of lands of the Ontario Land Corporation, should, after consultation with affected municipalities, continue to pay full grants in lieu of taxes.

The Minister stated in response:

The policy of the Ministry of Government Services with respect to the payment of grants in lieu of taxes is consistent with that applied previously by the Ontario Land Corporation on its inventory. It is not anticipated that municipalities will lose any revenue from payments of grants in lieu as a result of the properties being transferred to the Ministry of Government Services.

Recommendation

26. The Ministry of Government Services, when it takes jurisdiction over the properties of the Ontario Land Corporation, should adopt the recommendations that the Committee directed at the Ontario Land Corporation.

In reply, the Minister stated:

The Ministry of Government Services is in agreement with the Committee's recommendations as outlined in the responses above.

In a letter dated July 7, 1987, the Minister indicated that the Board of the Ontario Lottery Corporation provided responses to recommendations nos. 27, 31 and 32 while the Minister responded to recommendation no. 28.

Recommendation

27. The Ontario Lottery Corporation should continue to pursue vigorously a policy of persuading the Interprovincial Lottery Corporation to place a cap of five million dollars on the Lotto 6/49 grand prize.

In response, the Corporation's Board stated that the Ontario representatives to the Interprovincial Lottery Corporation have presented a recommendation to that body's Board that it should cap the first prize at \$5,000,000. However, the recommendation was turned down in May of 1987. The Board goes on to explain that Lotto 6/49 has reached a "mature stage."

Weekly sales are sufficiently large to ensure that the jackpot is won every two or three draws. Therefore, the likelihood of future large jackpots has been significantly reduced.

Recommendation

28. The Minister of Tourism and Recreation should meet with the ministers responsible for lotteries in the other provinces for the purpose of negotiating with them when and how a cap will be placed on the Lotto 6/49 grand prize.

The Minister responded by stating:

I will make every effort, both personally and through Ontario representatives to the Interprovincial Lottery Corporation, to persuade my provincial counterparts of the benefits of limiting the lottery prizes paid to individuals.

Recommendation

31. The Ontario Lottery Corporation accelerate where possible its program for expanding its computerized sales facilities and that it give priority to small communities.

In reply, the Board of the Corporation stated it has recently placed an order for 2,000 more terminals, which would bring the total to some 6,000, and which "will enable the Corporation to provide service to more small, rural communities." The terminals, according to the Board will be installed as quickly as possible, taking into account the need for training and installation time.

Recommendation

32. The Ontario Lottery Corporation set up a special committee, the purpose of which is to deal with any cases of Corporation employees who will be unemployed as a result of the Corporation relocation in Sault St. Marie.

The Board responded by stating that the Corporation has created an internal Task Force, and it is the intention of the Corporation to provide every assistance possible to those staff members who are unable to relocate to find new positions either within the public or private sector.

Recommendation

29. The Treasurer of Ontario should ensure that as the Ontario Lottery Corporation Act states, profits from the Lottery Corporation should be available for the promotion and development of physical fitness, sports, recreational and cultural activities and facilities.
30. The Treasurer should provide on a yearly basis to the Ontario Lottery Corporation a list of the projects funded with the Corporation's profits for the purpose of allowing ticket buyers to know how lottery profits are disposed.

With respect to these two recommendations, the Minister made the following comment.

Since recommendations #29 and #30 are not directed specifically to the Ontario Lottery Corporation no formal response has been provided. I am advised, however, the Board supports these recommendations.

APPENDIX A

Standing Committee on Government Agencies

Terms of Reference

Standing Order 90 (f)

Standing Committee on Government Agencies which is empowered to review and report to the House its observations, opinions and recommendations on the operation of all agencies, boards and commissions to which the Lieutenant Governor in Council makes some or all of the appointments, and all corporations to which the Crown in right of Ontario is a majority shareholder, such reviews to be made with a view to reducing possible redundancy and overlapping, improving the accountability of agencies, rationalizing the functions of the agencies, identifying those agencies or parts of agencies which could be subject to sunset provisions, and revising the mandates and roles of agencies;

APPENDIX B

STANDING COMMITTEE ON GOVERNMENT AGENCIES

Schedule of Hearings and Witnesses
March 2 - 5, 1987

Monday, 2 March 1987

10:00 a.m.
and
2:00 p.m.

Re: Agricultural Council of Ontario

From the Agricultural Council of
Ontario:

Delbert O'Brien
Chairman

Jon Grant
Member

Fred Lewis
Member

Dr. Jack Tanner
Member

Peter Epp
Member

Gordon Hill
Member

Tuesday, 3 March 1987

10:00 a.m.
and
2:00 p.m.

Re: Liquor Control Board of Ontario

From the Liquor Control Board of
Ontario:

J.W. Ackroyd
Chairman and Chief Executive
Officer

D.H. Jackman
Executive Vice President

George Kelly
Vice President
Management Information Services
Division

D.F. Wilcox
Vice President
Products/Distribution

J.E. Noble
Vice President
Finance

From the Ministry of Consumer and
Commercial Relations:

Val Gibbons
Deputy Minister

Whipple Steinkrauss
Executive Director
Support Services Division

Wednesday, 4 March 1987

10:00 a.m.

Re: Ontario Northland Transportation

Frm the Ontario Northland
Transportation:

J. Wildred Spooner
Chairman

Peter A. Dymont
General Manager

Thursday, 5 March 1987

10:00 a.m.

Re: Pesticides Advisory Committee

From the Pesticides Advisory
Committee:

Dr. Ken A. Howard
Chairman

Dr. C. David Fowle
Vice-Chairman

Ron Cameron
Member

Dr. Les F. Smith
Member

From the Ministry of Environment:

J. Walter Giles
Associate Deputy Minister
Intergovernmental Relations &
Strategic Projects Division

John Onderdonk
Manager
Agricultural and Industrial
Chemicals Section
Hazardous Contaminants
Coordination Branch

APPENDIX C

Agencies, Boards and Commissions reviewed to date

| | |
|--------------------------------------|--|
| 1st Review: (9 November 1978) | Waste Management Advisory Board Pesticides Advisory Committee Ontario Food Council Agricultural Research Institute Alcoholism and Drug Addiction Research Foundation Ontario Institute for Studies in Education Education Relations Commission Farm Machinery Board Land Compensation Board of Ontario Milk Commission of Ontario Cream Producers' Marketing Board St. Lawrence Parks Commission Ontario Council for the Arts Ontario Heritage Foundation |
| 2nd Review: (3 December 1979) | Ontario Research Foundation Ontario Telephone Service Commission Ontario Housing Corporation Ontario Food Terminal Ontario Council of Health Ontario Municipal Board |
| 3rd Review: (2 December 1980) | Ontario Educational Communications Authority Ontario Lottery Corporation Board of Ophthalmic Dispensers Ontario Labour Relations Board Ontario Northland Transportation Commission Liquor Control Board of Ontario |
| 4th Review: (19 November 1981) | Ontario Racing Commission Ontario Hockey Development Committee Farm Pollution Advisory Committee Ontario Place Corporation |
| 5th Review: (11 May 1982) | Ontario Board of Censors Ontario Energy Board Ontario Police Commission Toronto Area Transit Operating Authority |
| 6th Review: (7 December 1982) | Art Gallery of Ontario Civil Service Commission Commission on Election Contributions and Expenses Ontario Mortgage Corporation Wolf Damage Assessment Board |
| 7th Review: (15 December 1983) | Criminal Injuries Compensation Board The Law Society of Upper Canada Ontario Cancer Treatment and Research Foundation Ontario Manpower Commission Ontario Status of Women Council |

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| 8th Review: (21 June 1984) | Alcohol and Drug Addiction Research Foundation Board of Funeral Services Board of Parole Board of Visitors of Homewood Sanitarium, Guelph Crop Insurance Commission of Ontario Game and Fish Hearing Board IDEA Corporation Nursing Homes Review Board Social Assistance Review Board |
| 9th Review: (19 November 1984) | Animal Care Review Board Children's Services Review Board Niagara Parks Commission Niagara Falls Bridge Commission Ontario International Corporation Ontario Junior Farmer Establishment Loan Corporation |
| 10th Review: (25 September 1985) | Assessment Review Board Fire Code Commission Geoscience Research Review Commission Health Disciplines Board Languages of Instruction Commission of Ontario Licence Suspension Review Board Liquor Licence Board of Ontario Ontario Drainage Tribunal Selection Panel (Ontario Graduate Scholarships) Travel Industry Compensation Fund Board of Trustees |
| 11th Review: (7 January 1986) | Canadian National Exhibition Association James Bay Education Centre Board of Management of the Guild Metropolitan Toronto Convention Centre Corporation Board of Directors Minaki Lodge Resort Limited and Minaki Development Company Limited Old Fort William Advisory Committee Ontario Economic Council Ontario Human Rights Commission Ontario Stock Yards Board Toronto Stock Exchange Board of Directors |
| 12th Review: | Ontario Advisory Council on Multiculturalism and Citizenship Ontario Arts Council Ontario Development Corporations Ontario Land Corporation Ontario Lottery Corporation |
| 13th Review: | Agricultural Council of Ontario Liquor Control Board of Ontario Ontario Northland Transportation Commission Pesticides Advisory Committee |



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